

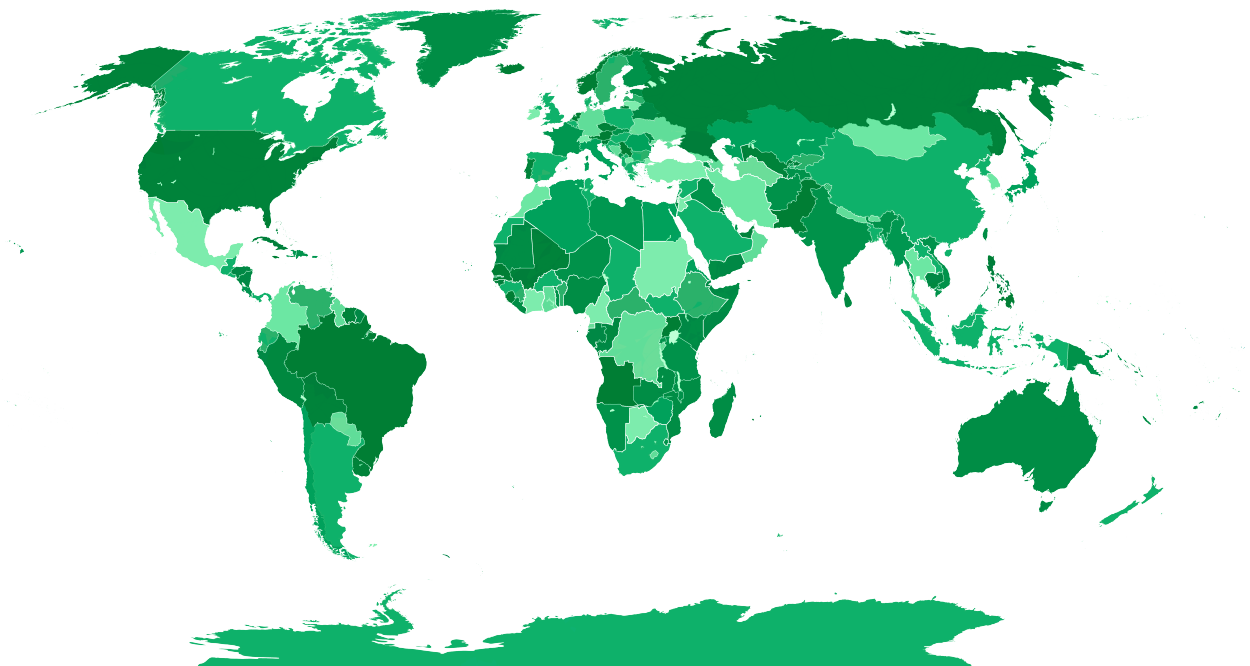


TOLLING. MOVING SMARTER.

TOLLING NEWSLETTER

A SCAN OF TOLL ROAD DEVELOPMENT AROUND THE GLOBE

SPRING 2016



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Sources: information collected from articles of IBTTA, ASECAP, World Highways, TOLLROADSnews, Reuters, ITS America, Ertico – ITS Europe.

ABOUT IBTTA

The International Bridge, Tunnel and Turnpike Association (IBTTA) is the worldwide association for the owners and operators of toll facilities and the businesses that serve them. Founded in 1932, IBTTA has members in 20 countries on six continents. Through advocacy, thought leadership and education, members are implementing state-of-the-art, innovative user-based transportation financing solutions to address the critical infrastructure challenges of the 21st Century.

INTRODUCTION

The 2016 Spring Global Newsletter highlights the ongoing development of international infrastructure programs or mobility programs launched or in development.

An impressive number of projects in South American countries are being prioritized. Governments are turning to Public-Private-Partnerships (P3s) and concessions to finance their investment needs. These solutions will fund sustainable road infrastructure with the application of tolling policies, based on the user-pay principle.

The same approach is taking place in Africa, where there is an urgent need to construct robust infrastructure to boost the economy.

Megaprojects have been planned in Asia too. In Japan, toll road concessionaires are seeking legislative adjustments to a national law which prohibits the operation of toll roads by private-sector business operators.

In the USA, in late 2015, Congress approved a multi-year highway bill to succeed MAP-21, which was approved in 2012. The FAST (Fixing America's Surface Transportation) Act provides five years of slightly higher program funding using both the existing fuel tax revenues and general government funds. The mild Federal support is signaling the states to take on a stronger role in addressing their respective transportation needs through their own resources.

In Europe, many toll projects have been selected for advancement, a clear signal that the European Commission's Junker Plan is seeking to support infrastructure developments based on public-private-partnerships.

AFRICA

MOROCCO HIGHWAY BIDDING TO OPEN

The Moroccan Ministry of Equipment, Transport and Logistics is opening the bidding process for a series of highway projects. This first round of bidding will be for assessment of the construction and operation of highways that will be put to out to contract under a public-private partnership (PPP) model. In all, some 618km of highways are planned, along seven different routes.

Morocco is also planning a new infrastructure program. The country's Ministry of Equipment, Transport and Logistics is introducing a new tender scheme for a study that will be used to establish the national road infrastructure scheme (Snir) by 2035. The aim of this study will be to establish the operational strategy for road infrastructure in the medium- and long-term. It will focus on the Kenitra – Rabat – Casablanca – El Jadida route. The study will also assess the necessary financing for the Snir 2035 and analyse the potential with regards motorway and maintenance concessions. The opening of the bids is planned for May 31, 2016.



MOZAMBIQUE ROAD AND BRIDGE MAINTENANCE PROJECTS PLANNED

Mozambique will have to invest US\$4 billion to maintain its roads and bridges over the next four years. The country's road network does not meet demands at present, with numerous routes in poor condition. Congestion and safety are also major issues in the most densely populated urban areas. The source of the funding has yet to be determined. The Ministry of Public Works is currently in talks with the Portuguese government to secure some of the funding needed.

WORLD BANK FUNDING TUNISIA ROAD PROJECTS

Funding from the World Bank (WB) will help finance work on three major road projects in Tunisia. The finances include a loan of US\$200 million as well as a contribution of US\$909,000. The roads will connect Siliana and El Fahs, Djbel El Ouest and Zaghouan, and Kairouan and Sousse. The loan and contribution are granted for technical assistance with regard to the three road projects. The financing agreements include a performance contract for road maintenance. The World Bank will also finance a feasibility study for Tunisia's performance contracts. The aim is to establish proper institutional and regulatory procedures for Tunisia.

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ASIA AND OCEANIA



NEW FUNDING HELPING NEPAL PLAN FOR ROAD DEVELOPMENT

The Nepalese Government is planning to spend a healthy US\$1.3 billion on developing major infrastructure projects. New roads and highways as well as energy projects are being prioritized. Funding will be provided jointly through the World Bank and a U.S. Government body; the Millennium Challenge Cooperation (MCC), as well as the Government of Nepal. The Kathmandu-Tarai Fast Track project has been suggested as a top priority. One-third of the funding will come from the

World Bank, MCC and government while the balance will come from private sources. The Kathmandu-Tarai Fast Track project has been on the table for some time and is one of several major road developments in planning in Nepal.

INDONESIA SEEKS INVESTMENT FOR WEST JAVA TOLL ROADS

Indonesia is going ahead with three toll road concessions in West Java, according to the head of the Toll Road Regulatory Agency, Herry Trisaputra Zuna. The three toll roads – Cileunyi-Banjar; Ciranjang-Padalarang; and Sukabumi-Ciranjang – will need total investment of up US\$1.54 billion, he said. However, tenders will not be held this year, as preparation work for the projects, including a feasibility study and land documentation, are only now being reviewed.

MEGA PROJECT FOR JAPANESE TOLL ROADS CONCESSION IN 2016

The Aichi Prefectural Road Public Corporation (APRPC) has plans to launch a request for expressions of interest (RFEOI) for the concession to operate eight toll roads in the Aichi prefecture, in central Japan.

To get a private-sector business to operate the toll roads, APRPC is trying to introduce a legislative modification to Japan's *Act on Special Measures concerning Road Construction and Improvement* which doesn't currently permit the operation of toll roads by private-sector business operators.

The winning bidder would be responsible for the operation, maintenance, collection of toll charges and traffic administration.

It is expected that APRPC will establish certain rules and grant incentives to the private operator with respect to net income and expenditure of operating activities, including increased revenues or cost savings.

The concession will end with the expiration of the toll collection period of each of the road licensed by the Minister of Land, Infrastructure, Transport and Tourism. The toll collection period varies from one road to another depending on when construction of the road is amortized by the Government.

The Aichi government wants to attract bids from groups comprising local and overseas investors.

AZERBAIJAN INVITES BIDS FOR RECONSTRUCTION OF BAKU-SHAMAKHI ROAD

The Azerbaijan state infrastructure agency Azeravtoyol has announced a tender for reconstruction of the Baku-Shamakhi-Muganli road. The project includes expansion of the highway to four lanes on many sections of the road that goes through northern mountainous terrain. The World Bank and Azeravtoyol recently signed an agreement for the bank to fund the work up to US\$140 million. The project is expected to take a year.

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EUROPE

ABERTIS TO ACQUIRE 51.4 PERCENT OF TWO ITALIAN MOTORWAYS FOR €594 MILLION

Abertis, has announced an agreement to acquire 51.4 percent of the A4 Brescia-Padua motorway in Italy. The motorway is 146km long and constitutes an important connection between the North of Italy and Central Europe. Abertis has also acquired the A31 motorway, which is a new route with the potential to be the fastest and shortest route to Eastern Europe. The transaction is to be approved by the Italian government. The total cost of the transaction is €594 million, to be paid in full by the end of January 2023.

VINCI SIGNS THE A355 WESTERN STRASBOURG BYPASS CONCESSION CONTRACT (FRANCE)

VINCI has signed the 54-year concession contract with the Ministry for Ecology, Sustainable Development, Transport and Housing to design, finance, build, operate and maintain the 24km western Strasbourg bypass. The dual two-lane carriageway section connects the A4/A35 in the north with the A352/A35 junction in the south. Without public subsidy, VINCI will finance the entire project, geared towards improving mobility and safety by smoothing flow around Strasbourg. During the design and construction phase, the project, representing an €500 million investment, will generate around 1,000 direct and indirect jobs annually for the duration of the work. The goal will be to use local skills and maximize the involvement of Alsatian businesses.

Furthermore, the project covers a full range of sustainable development measures, with strong environmental action taken during construction and introduction of an environmental management plan covering the entire duration of the concession. Lastly, a multimodal hub will be set up for motorists and public transport users to facilitate connections with other regional transport modes.



Once construction is completed, the operation, the toll collection and maintenance of the infrastructure will be carried out by a dedicated VINCI Autoroutes subsidiary. It will use state-of-the-art facilities (traffic control and monitoring, intermodal car parks, car sharing) and smart services.

ASTALDI WINS CONTRACT FOR PART OF ROMANIA'S BRASOV-ORADEA MOTORWAY

Italian contractor Astaldi, as part of a joint venture, has won a €100 million contract to build a motorway in Romania. The contract is 18km of the Brasov-Oradea section of the partially built A3 Autostrade, a 584km route that runs north to south, from the border with Hungary to the capital Bucharest. Astaldi's design and construction work includes three viaducts, five overpasses, three flyovers and one motorway interchange. Work will begin in May and last for 16 months.

FIRST ITALIAN TOLL ROAD PROJECT BOND REFINANCES STRATEGICALLY IMPORTANT PASSANTE DI MESTRE

Allen & Overy announced that the €830 million project bond issued to refinance the construction costs of the Passante di Mestre toll road around Venice, the first of its kind in Italy, strengthens a key transport link for the region's population and paves the way for other Italian project bonds.

The transaction marks the first time an instrument has been issued under the new Italian Project Bond Law and makes use of the European Investment Bank (EIB) Project Bond Credit Enhancement tool. The deal consists of two tranches of €400 million Class A1 and €430 million Class A2 notes, each with a coupon of 2.115 percent and a maturity date of December 2030.

The motorway assets are among the most strategically important sections of the Italian motorway system, given their location in one of the most industrialized regions of the country and at one of Europe's major crossroads. They are also well connected to various important transport networks, such as the Marco Polo and Treviso airports, the regional railway network and the ports of Venice and Chioggia. This key transaction demonstrates the feasibility of funding demand-risk projects outside the bank market. This transaction is also indicative of the trend of asset managers playing an increasingly active role in the project finance investment space and bridging a significant funding gap.

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NORTH AMERICA



MONTREAL BOOST INFRASTRUCTURE SPENDING FOR 2016

The Canadian city of Montreal will invest a record US\$408 million on infrastructure improvements this year, around half to spent on road upgrades and the other half on water projects.

Much is being done to mitigate problems for drivers and cyclists during prolonged construction periods, according to a report in the Montreal Gazette newspaper. A main shopping street, can now use Bluetooth technology to monitor traffic in real time because it communicates information to drivers by notification on message boards.

TOLL ROAD USAGE HAS INCREASED SIGNIFICANTLY IN THE U.S. – NATIONAL TOLL FACILITIES USAGE ANALYSIS PUBLISHED BY THE INTERNATIONAL, TUNNEL AND TURNPIKE ASSOCIATION (IBTTA)

The use of toll roads, bridges and tunnels by drivers increased by seven percent between 2014 and 2015, a record-breaking rate of growth putting tolling usage on pace to double in less

than 10 years, according to the National Toll Facilities Usage Analysis published by the International, Tunnel and Turnpike Association (IBTTA). The finding parallels new U.S. Department of Transportation (USDOT) data released in February 2016 that show Americans driving 3.1 trillion miles last year, making 2015 the most heavily traveled year in U.S. history. In 2014, Americans drove three trillion miles. This represents a 3.3 percent increase in traffic from 2014 to 2015. Despite often hearing and reading that people are driving less, the latest traffic volume numbers from the USDOT provide us with a reality check. Traffic and travel are up. The IBTTA analysis shows five billion trips and transactions in 2015 on a sample of 31 toll-operated facilities across the country, an increase of 328 million in one year. From this research, it is clear that not only travel volumes are up, but that toll road usage has increased significantly, as well.

THREE NORTH TEXAS TOLL PROJECTS – FILED FOR BANKRUPTCY

The private company that built a beleaguered Austin-area toll road – and shares an investor with three North Texas toll projects – filed for bankruptcy. But company officials say the maneuver will not force the closure of State Highway 130 or impact any public funds.

Cintra is a partner in SH 130 Concession LLC, which was formed to finance and build the road. Cintra is also an investor in three companies formed to rebuild the LBJ Freeway, State Highway 183 through Tarrant County and Interstate 35W in Fort Worth.

All the risks are taken by Cintra. Traffic on the 41-mile stretch of SH 130 south of Austin has been far less than what was initially expected even though the corridor offers 85 mph speed limits – the highest in the nation. Company officials blamed the lower traffic figures on the fact that the road opened during the recession. They also said that traffic in 2015 increased 15 percent compared to 2014 usage.

Cintra still expects toll revenues to eventually pay off the company's debt, the firm just needs to restructure.

MARCH FOR MEXICO MOTORWAY COMPLETION DATE

Mexico City is known as one of the worst cities in the world for traffic congestion but its new elevated motorway will help reduce jams at peak periods.

The 11km Autopista Urbana Sur (Urban Highway South) is being built by Mexican contractor ICA Ingenieria and is costing around US\$450 million.

<http://www.ausur.com.mx/en/>

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SOUTH AMERICA

PARAGUAY HIGHWAY PROJECT TENDER PROCESS

Paraguay is commencing the tender process for the first section of the bi-oceanic corridor project. The plans have been announced by the Public Works and Communications Ministry. Work on the first section of the bi-oceanic corridor will be carried out between Carmelo Peralta and Loma Plata. The project is expected to cost in the region of US\$315 million. The tender process for the second section of the corridor will commence in late 2016. This section of the route will run between Mariscal Estigarribia and Pozo Hondo and is expected to cost around US\$600 million.

PERU ROAD CONCESSIONS ANNOUNCED

Peru's Transport Ministry has announced a series of new road concession deals in the country. One of the key concessions approved is for the road between Ica and Arequipa along the Panamericana Sur highway. Another concession to be awarded is for section four of Longitudinal de la Sierra high connecting Huancayo and Abancay.



BOLIVIA SETS OUT SPENDING ON NATIONAL HIGHWAYS FOR 2016

Bolivian President Evo Morales has announced that the government will spend US\$1.9 billion on national highways in 2016. Nearly US\$12 million will be spent in expanding the Rio Seco-San Roque road in El Alto from one to 10 lanes.

BOGOTA TRANSPORT INFRASTRUCTURE BOOST – COLOMBIA'S CAPITAL WILL SEE ROAD CONSTRUCTION DEVELOPMENT

The Colombian Government is investing in road infrastructure development, with a large portion of the budget being directed to Bogotá. The road infrastructure program includes 22 projects that will help cut chronic congestion in Colombian capital Bogotá. Construction works for Avenida Longitudinal de Occidente (ALO) road expansion are expected to start in the first half of 2016.

There are also plans to commence work on the Autopista Norte highway, to be carried out in two phases and bids being accepted by Colombia's National Infrastructure Agency (ANI) until June 17, 2016. Another project is for a new bridge spanning the Bogotá River in the north west of the city, with this work expected to start in the first half of 2016. Road toll fees will remain at existing levels despite the various projects.

METROPISTAS, ABERTIS' SUBSIDIARY IN PUERTO RICO

Metropistas, Abertis' subsidiary has signed an agreement with the Puerto Rico Highways & Transportation Authority (PRHTA) whereby its concession contract for the PR-5 and PR-22 toll roads has been extended by 10 years.

The concessionaire has undertaken to pay the PRHTA US\$115 million (approximately €100 million), which will be divided into an initial payment of US\$100 million and a second disbursement of US\$15 million once a new bi-directional payment system is in operation or by June 30, 2017 at the latest.

The agreement further underscores Abertis' long-term commitment to Puerto Rico and illustrates the strength of its concession contracts in the country.

It also further highlights the significant potential of public-private partnerships to improve and develop a country's transport infrastructure.

COSTA RICA ROAD PROJECT PLANNED

Costa Rica's Ministry of Public Works and Transport (MOPT) is looking to secure financing for the second phase of its PRVC cantonal road program. MOPT is hoping to secure the necessary funding from the Inter-American Development Bank (IADB). A loan of US\$140 million will be required. The first phase of the project was funded by a US\$60-million loan from the IADB. This first phase includes the construction of new roads in Mora, Santa Ana, San Mateo, Turrubarras and Zarcero. MOPT hopes to receive funds for the second phase of this program before the end of 2016 and the plan is for a series of new projects to commence in early 2017. The second phase of the PRVC road project will take five years to complete.

NEW CHILE-ARGENTINA TUNNEL PROJECT TO OPEN FOR BIDS

The bidding process for the Agua Negra Tunnel project that will link Chile with Argentina looks set to commence in July or August 2016. The bidding is being organized jointly by the governments of both Chile and Argentina. One source of funding for the project is also now secured, with a loan of US\$1.5 billion being provided by the Inter-American Development Bank (IADB). In addition, the IADB has also approved US\$20 million in funding for Chile and Argentina to finance the project's environmental impact studies. The tunnel will measure close to 14km once complete. This new route is much needed, it will improve transport connections considerably as the two existing routes are both subject to closures in bad weather and one in particular, a high mountain pass, is unsuited to heavy vehicles.

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INTERNATIONAL INDUSTRY EVENTS CALENDAR

2016

IBTTA Maintenance & Roadway Operations Workshop

Newport, Rhode Island, USA, May 15-17, 2016

www.IBTTA.org/newport

44th ASECAP Study and Information Days

Madrid, Spain, May 23-25, 2016

www.asecap.com

Highway Project Management Workshop

Riyadh, Saudi Arabia, May 9-11, 2016

www.irfnews.org

11th ITS European Congress

Glasgow, Scotland, June 6-9, 2016

<http://glasgow2016.itsineurope.com>

2nd International Symposium on Disaster Prevention and Mitigation of Infrastructure

Xi' an, China, June 12-14, 2016

www.irfnews.org

IBTTA Summit on All-Electronic Tolling, Managed Lanes & Interoperability

Boston, Massachusetts, USA, July 24-26, 2016

www.IBTTA.org/boston

IBTTA 84th Annual Meeting & Exhibition

Denver, Colorado, USA, September 11-14, 2016

www.IBTTA.org/denver

23rd World Congress on Intelligent Transport Systems

Melbourne, Australia, October 14-16, 2016

IBTTA Summit of the Americas

Mexico City, Mexico, October 16-18, 2016

www.IBTTA.org/mexicocity

2017

TRB Annual Meeting and Transportation Research Board

Washington, DC, USA, January 8-12, 2017

www.trb.org

IBTTA Leadership Academy

Washington, DC, USA, February 12-17, 2017

www.IBTTA.org/leadershipacademy

IBTTA New Media/Communications

Tampa, Florida, USA, March 2017

IBTTA Finance & Legislative Summit

Jersey City, New Jersey, USA, April 2017

IBTTA Maintenance & Roadway Operations

New Orleans, Louisiana, USA, May 2017

45th ASECAP Study and Information Days

Paris, France, May 29-31, 2017

www.asecap.com

IBTTA & TRB Joint Summit on Managed Lanes

Dallas, Texas, USA, July 16-18, 2017

IBTTA 85th Annual Meeting & Exhibition

Atlanta, Georgia, USA, September 10-13, 2017

www.IBTTA.org

IBTTA Global Technology Summit

Rome, Italy, October 2017

23rd World Congress on Intelligent Transport Systems

Quebec, Canada, October 29 – November 2, 2017

<http://itsworldcongress.org>

Intertraffic

Istanbul, Turkey, May 24-26, 2017

www.intertraffic.com

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ACRONYMS

AET	All-Electronic Toll Collection
ASECAP	Association euro penne des concessionnaires d'autoroutes et d'ouvrages à péage – European Association of Operators of Toll Road Infrastructures
DOT	Department of Transportation
C-ITS	Cooperative Intelligent Transportation Systems
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIB	European Investment Bank
EGNOS	European Geostationary Navigation Overlay System
ERF	European Union Road Federation
EP	European Parliament
EU	European Union
GALILEO	European satellite navigation system
GNSS	Global Navigation Satellite System
HOV lane	High Occupancy Vehicle lane
IBTTA	International Bridge, Tunnel and Turnpike Association
ITF	International Transport Forum
ITS	Intelligent Transportation Systems
OBE/OBU	On Board Equipment/On Board Unit
OECD	Organization for Economic Cooperation and Development
ORT	Open Road Tolling
PIARC	Association Mondiale de la Route – World Road Association
PPP	Public-Private Partnership
TEN-T	Trans-European Transport Network
UNECE	Economic Commission of the United Nations for Europe

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