
For Immediate Release: February 18, 2021

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MDOT and MDTA Selects Developer for the American Legion Bridge I-270 to I-70 Relief Plan

P3 Partner Chosen for Innovation, Community Collaboration, Strong Financial Proposal

(HANOVER, MD) – The Maryland Department of Transportation (MDOT), MDOT State Highway Administration (MDOT SHA), and the Maryland Transportation Authority (MDTA) today announced the selection of Accelerate Maryland Partners, LLC, to become the developer responsible for overseeing predevelopment work on the American Legion Bridge I-270 to I-70 Relief Plan. The selection, which is subject to approval by the MDTA Board and the Maryland Board of Public Works (BPW), is the culmination of a year-long competitive process of extensive collaborative dialogue with the proposers designed to ensure a true partnership, harness the innovation of the private sector and meet the goals of the program to provide congestion relief and an innovative approach to minimize impacts. A comprehensive evaluation process, including MDOT, MDOT SHA, MDTA, industry experts, advisors from Montgomery and Frederick counties and an observer from the Federal Highway Administration (FHWA), was conducted to select a partner committed to collaborating with community stakeholders and other partners in advancing the American Legion Bridge and I-270 improvements.

MDOT’s recommended preferred alternative for the American Legion Bridge I-270 to I-70 Relief Plan includes two high-occupancy toll (HOT) lanes across the American Legion Bridge to I-270, and north on I-270 to I-370. MDOT and MDOT SHA are continuing to collaborate with federal, state and county partner agencies on reaching concurrence on a recommended preferred alternative. This alternative would deliver a new American Legion Bridge as the primary link between key economic centers in Maryland and Virginia, and would add a bicycle and pedestrian connection across the bridge, connecting to the C&O Canal. Buses and vehicles with three or more people would be able to use the new HOT lanes free of charge, providing opportunities for faster, more-reliable bus transit service, carpooling and vanpooling. Existing travel lanes throughout the corridor will be retained and will remain free for use by all motorists.

“This is another step forward in addressing one of the most significant traffic bottlenecks in the nation. I want to thank all of the teams that pursued this Phase 1 partnership with Maryland and the teams of experts that spent almost 200 total hours reviewing and deliberating over the amazing proposals,” said Transportation Secretary Greg Slater. “Though there is much more work to do with the local leaders, the community and stakeholders, the selected proposal delivers congestion relief at the American Legion Bridge, strong innovative approaches for minimizing impacts and a real multimodal approach. I am very much looking forward to this partnership and its benefit to Maryland travelers.”

Accelerate Maryland Partners LLC includes: Transurban (USA) Operations Inc. and Macquarie Infrastructure Developments LLC as lead project developer/equity; Transurban and Macquarie as lead contractor; and Dewberry Engineers Inc. and Stantec Consulting Services Inc. as designers. Selecting Accelerate Maryland Partners provides Maryland: a partner with strong regional connections and a track record of success delivering managed lane Public-Private Partnership (P3) projects; a new American Legion Bridge and I-270 improvements to I-370; and a \$145 million Development Rights Payment.

The proposal also includes commitments for transit improvements in Montgomery County, a community grant program, Vision Zero investments, a no interest loan program for local fleet conversions and water quality enhancements. The Accelerate Maryland Partners proposal also includes a comprehensive approach to local workforce development including: partnerships with small, disadvantaged, women and veteran-owned businesses; union and local contractor involvement, including a planned Project Labor Agreement; and engagement with local community organizations and educational institutions.

TECHNICAL AND FINANCIALS PROPOSALS

The evaluation committee reviewed and ranked the technical proposals before reviewing the financial proposals. Accelerate Maryland Partners brought strong relevant regional experience and P3 managed lanes experience. Accelerate Maryland Partners offered a strong predevelopment work proposal, demonstrated a strong understanding of the project and offered well thought-out approaches to manage and mitigate project risks. Their proposal also identifies detailed solutions to further reduce property impacts, reduce potential utility conflicts and promote environmental stewardship.

When the technical proposals and the financial proposals had been reviewed and ranked, Accelerate Maryland Partners provided the best value to the state by having a strong predevelopment work proposal and a significantly stronger financial proposal. Accelerate Maryland Partners has the highest-ranking financial proposal with 1,356 points compared to 800 points for Accelerate Maryland Express Partners and 665 points for Capital Express Mobility Partners.

As outlined in the Request for Proposals, there were a total of 1,791 possible points in financial proposal evaluation criteria: Equity Internal Rate of Return (457 points), Developer Closing Costs (40 points), Development Rights Payment (145 points), Predevelopment Work Costs (100 points), and Contractor General Conditions, Costs, and Markup (1049 points).

In the financial proposal, Accelerate Maryland Partners offered a \$145 million Development Rights Fee and a \$54.3 million Predevelopment Cost Cap. Accelerate Maryland Partners also showed a long-term commitment to the American Legion Bridge I-270 to I-370 project by proposing a higher rate of return on its equity investment in exchange for taking greater construction cost risk upfront, reducing the state's risk in the project.

TRANSIT, COMMUNITY GRANTS, VISION ZERO COMMITMENTS

In its predevelopment work proposal, Accelerate Maryland Partners outlines potential solutions to provide funding for transit services, community grants, Vision Zero, and an innovation alliance for Phase 1 South, American Legion Bridge and I-270 to I-370. Accelerate Maryland Partners is estimating that they could provide \$5 million for Vision Zero during construction. Over the life of the 50-year agreement, Accelerate Maryland Partners is estimating investing at least \$300 million in transit services for Phase 1 South alone, \$50 million in community grants and \$25 million to support emerging technologies through an innovation alliance.

Ultimately, the exact investments would be determined as part of the Section P3 Agreement along with the other components to advance final design, construction, financing, operations and maintenance for 50 years. There are several factors that need to be determined over the next year that will inform the final Section P3 Agreement: the design developed in collaboration with stakeholders, the construction price, and MDTA's final approval of the toll rate range and the soft cap.

MDOT is currently working collaboratively with Montgomery and Frederick counties to identify each county's priority transit service improvements that can be developed as part of the Phase 1 Section P3 Agreement. MDOT will bring both the Section P3 Agreement and the Memorandum of Understanding between MDOT and the county involved to BPW at the same time for approval. These provisions are consistent with BPW's January 8, 2020, amendment replacing the 10% of net state toll proceeds with Memoranda of Understanding that allow for transit improvements to be made in a more predictable time frame.

EVALUATION PROCESS

The extensive evaluation was a three-step process:

Technical and Financial Review Teams: Comprised of subject matter experts in various areas related to the P3 Program goals, including a combination of MDOT staff, MDTA staff and consultants, and advisors. The Technical and Financial Review Teams were comprised of 40 multi-disciplinary experts with 500 years combined similar experience. These teams held 15 meetings and deliberated for 120 hours. The Technical and Financial Review Teams conducted their reviews independently and presented their recommendations separately to the Evaluation Committee.

Evaluation Committee: Senior leadership representing MDOT, MDOT SHA, and MDTA, supported by Review Team Leaders, community representatives from Montgomery and Frederick counties (advisors), and a FHWA representative (observer). The Evaluation Committee were comprised of 15 MDOT, MDTA and outside experts with 300 years combined experience. The Evaluation Committee held six full-day meetings and deliberated for more than 50 hours.

Selection Committee: The Evaluation Committee Chairs presented the staff recommendation to the MDOT Secretary, MDTA Executive Director and MDOT SHA Administrator. Following review and discussion, the Selection Committee determined to accept the staff recommendation.

NEXT STEPS – DEVELOPER PHASE P3 AGREEMENT

The next steps in the approval process of the Developer Phase P3 Agreement with Accelerate Maryland Partners LLC include: review and approval by the MDTA Board in March 2021; 30-day review by the Comptroller, Treasurer and Budget Committees in April 2021; and seek BPW approval in May 2021. If approved by BPW in May 2021, the Developer Phase P3 would be awarded and executed with a notice to proceed to begin collaborating with community stakeholders and other partners in advancing the American Legion Bridge and I-270 improvements.

The P3 Program will be designed and developed using a multi-step Progressive P3 model. Selecting Accelerate Maryland Partners as the partner for the Predevelopment Work over the next year allows MDOT SHA and MDTA to begin working with the Phase Developer and all stakeholders on best ways to advance the preliminary design to further avoid and minimize impacts to environmental resources, communities, properties, utilities, and other features by working with the counties, municipalities, state and federal agencies, property owners, utilities and citizens.

After this significant collaborative effort, and only if a build alternative is identified under the National Environmental Policy Act (NEPA) approval process, MDOT would seek final approval from BPW to move forward with a Section P3 Agreement for the first section of Phase 1, which would be focused on the American Legion Bridge and I-270 and connecting with our partners in Virginia to advance final design, construction, financing, operations, and maintenance for 50 years. The Section P3 Agreement for this first section of the P3 Program is not expected to go to BPW before Summer 2022.

NEXT STEPS – MANAGED LANES ENVIRONMENTAL STUDY

On a parallel track, MDOT SHA and FHWA is conducting the Managed Lanes environmental study in accordance with NEPA. MDOT and MDOT SHA are continuing to collaborate with federal, state and county partner agencies on reaching concurrence on a recommended preferred alternative. In January, MDOT SHA presented to the partner agencies MDOT's recommended preferred alternative, Alternative 9, which would include the new American Legion Bridge, HOT lanes, bicycle and pedestrian connections and other features to provide Marylanders new options and opportunities for improved travel in the National Capital Region.

Predevelopment collaboration through this progressive P3 model will provide more efficient pricing and better schedule certainty before MDOT takes the Section P3 Agreement to BPW for final approval only after a Record of Decision is received. The Record of Decision for the Managed Lanes Study is expected in Fall 2021.

RFQ/RFP PROCESS

MDOT and MDTA issued the Request for Qualifications on February 7, 2020, to identify the most highly qualified teams seeking to be shortlisted as potential Phase Developers for Phase 1 of the P3 Program.

On July 17, 2020, MDOT and MDTA short-listed all four teams that were identified in June as the most highly qualified teams. Teams making the shortlist were: Accelerate MarylandExpress Partners, Accelerate Maryland Partners LLC, Capital Express Mobility Partners and Potomac Mobility Group. Since July 2020, in an effort to ensure the proposals provided the best value to Maryland, MDOT/MDTA worked with proposers in multiple ways, including: holding approximately 30 meetings, answering 1,500 written questions, considering innovative technical solutions and optimizing the framework of the P3 Agreements during this competitive RFP process.

Because Phase 1 South includes the Maryland and Virginia Capital Beltway Accord to deliver the American Legion Bridge, all shortlisted teams were provided the same key assumptions regarding how the Capital Beltway Accord will be dovetailed with the developer's obligations in the P3 Agreement. MDOT SHA provided these key assumptions to shortlisted teams to ensure a level and fair playing field as the teams developed their proposals.

Of the four shortlisted teams, these three teams submitted technical and financial proposals in December and January for the Phase P3 Agreement: Accelerate MarylandExpress Partners, Accelerate Maryland Partners LLC, and Capital Express Mobility Partners. (See team details below).

Shortlisted teams submitting proposals for Phase 1 include:

Accelerate MarylandExpress Partners

Lead Project Developer/Equity: Itinera Infrastructure & Concessions Inc.

Lead Contractors: Halmar International LLC and Itinera S.p.A

Designers: Atkins North America, Inc. and Gannett Fleming Inc.

Accelerate Maryland Partners LLC

Lead Project Developer / Equity: Transurban (USA) Operations Inc. and Macquarie Infrastructure Developments LLC

Lead Contractor: Transurban and Macquarie

Designers: Dewberry Engineers Inc. and Stantec Consulting Services Inc.

Capital Express Mobility Partners

Lead Project Developer / Equity: Cintra Global SE and John Laing Investments Limited

Lead Contractor: Ferrovial Agroman US Corp.

Designers: AECOM Technical Services Inc. and HNTB Corporation

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