

INFRAONE, VEGAS LEX TO ADVISE MOSCOW REGION'S HIGH-SPEED OFF-STREET LIGHT RAIL TRANSPORT PROJECT

The project to build a system of light rail high-speed off-street transport in the Moscow Region (the first phase of the “orbital” network connecting Podolsk, Domodedovo and Ramenskoye) has been presented at a pre-roadshow organized by a consortium of project’s consultants led by the InfraONE investment company, with the participation of VEGAS LEX.

On April 7, 2016, the pre-roadshow of a project to create **the Moscow Region’s first system of high-speed off-street light rail transport** took place in Moscow, with InfraONE company acting as the project’s investment advisor and VEGAS LEX, as the legal advisor.

A comprehensive project to build a system of high-speed off-street transport lines (LRT) in the Moscow Region involves the development of a completely new type of public transport system, linking large municipalities, urban districts in the Moscow Region and several airports of the Moscow air hub. This type of system is fast (average speed of 80 kmh), quiet, comfortable, safe and environmentally friendly. The comprehensive orbital project is to be implemented in four phases.

The first (initial) line of the project will go through Podolsk and Domodedovo to Ramenskoye with stops at Domodedovo and Zhukovsky airports to accommodate the highest demand and passenger traffic projections. The project will be implemented as a public-private partnership with the involvement of a private investor (a consortium) to build the LRT lines, supply rolling stock and transportation systems, and operate the system.

The road show began with several Moscow Region officials welcoming the audience, including Deputy Chairman of the Moscow Region Government, Minister of Investments and Innovations of the Moscow Region **Denis Butsayev**; Minister of Transport of the Moscow Region **Mikhail Oleynik**; and Director General of Moscow Transport Hub Directorate, Adviser to State Secretary, Deputy Minister of Transport of the Russian Federation, **Alexey Petrov**.

“The LRT Project is a key strategic project for the Moscow Region, primarily aimed at building the kind of transport infrastructure that will provide for easier transit of passengers and workforce between Moscow’s expanding southern outer suburbs,” Mr. Butsayev said. “In this case, the main purpose of choosing the light rail option was to increase convenience for the residents of the area, so we focused on connecting the densely populated municipalities which have suffered from transport problems for a long time. People there had trouble getting anywhere at all, not just to Moscow.”

“The development of chord lines for public transit is very important. The LRT project is primarily aimed at developing this system. We analyzed the current demand to find out that 94% of respondents in the suburbs are willing to use other options than inbound railway lines to get to other places. They are looking forward to this opportunity,” Mikhail Oleynik said.

“Moscow Transport Hub Directorate acts as the customer for the works under this project, from the development of the project concept to the organization of the tender to enter into a concession agreement on the first section, Podolsk-Domodedovo-Ramenskoye. It should be noted that the federal government, represented by the Ministry of Transport, and the city of Moscow are interested in this project and are closely monitoring its implementation,” Mr. Petrov said.

The consortium of consultants, which includes InfraONE, VEGAS LEX, SETEC group of companies and NliPI Urban Development of the Moscow Region, as well the project customer, the Moscow Transport Hub Directorate autonomous nonprofit organization, presented to the potential investors the goals, investment objectives and phases of the project, elaborated on the financial and investment, organizational and legal components of the project, as well as the technical and economic parameters of the LRT system and rolling stock, and expected passenger flow statistics.

The second part of the road show involved one-on-one meetings with potential applicants for concession tenders and their funders. Following the pre-roadshow, the consortium will conduct a feasibility study for the project in April, approve the commercial, financial and economic parameters of the project, and develop the essential terms of the concession agreement in May. After that, also in May, an investment competition will be announced, and the winning bidder will sign the concession agreement in the fall this year.

Other speakers at the event included [Albert Eganyan](#), VEGAS LEX partner and Chairman of the Board of Directors of InfraONE; **Karen Arakelyan**, Managing Director at InfraONE; **Vladislav Gordiyenko**, Head of Architecture and Urban Planning Department of the Moscow region; **Artur Markaryan**, Chairman of the Board of SETEC MO; **Alexey Vorontsov**, Director General of NiiPI Urban Development of the Moscow Region.

“The project addresses a significant number of issues the Moscow Region is struggling with. The project is expected to resolve these problems by generating a significant amount of traffic, which also provides certain investment opportunities for the private partner. At the same time, we understand that a project of this scale is likely to lead to a significant capitalization of the areas adjacent to the currently underdeveloped towns,” Mr. Eganyan noted in his speech.

The capital expenses will be split between three stages and distributed evenly for the next 11 years. At the first stage, which will end in 2022, the LRT link from Podolsk to Domodedovo airport will be built. At the second stage, until 2026, Domodedovo will connect to Ramenskoye. And finally, the Zhukovsky approach road will be built in 2028.

The Podolsk-Domodedovo-Ramenskoye LRT line will have 16 stops, including nine transport hubs, which will be complemented with retail and office space, as well as social facilities. The length of the route will be 74.1 km, of which 33% will be laid on bridges and overpasses, the travel time between the end stations will be less than an hour.

The road show participants included Russian and international investors, representatives of construction companies, design companies, major Russian and international financial institutions and others.

** The project’s implementation will benefit all the stakeholders; it is financially attractive for private investors, while its total direct and indirect economic effects on the Moscow Region – primarily due to additional tax payments – are estimated at RUB 287 billion for the period until 2046.*

The passenger flow measurements for the new line show a significant level of demand for the LRT. Already 94% of respondents are willing to use it, and 34% of respondents believe LRT is one of the priority measures to resolve the existing transport problems. According to passenger traffic estimates, the expected annual passenger numbers will reach 60 million in 2023 and exceed 94 million in 2045.

*The First Infrastructure Company, **InfraONE**, operates on the infrastructure market, specializing in full-cycle organization of projects, from the project concept to funding and management. Its most important projects include the organization of concession agreements for airports of the Moscow air hub; the Moscow-Kazan High Speed Rail Project; and the project to introduce a tolling system for vehicles heavier than 12 metric tons on federal roads. <http://www.infraone.ru/>.*

VEGAS LEX is one of the leading multi-faceted law firms and the national leader in legal consultancy for infrastructure projects, public-private partnerships, project financing, energy, antimonopoly regulation and dispute resolution. It is annually listed as a top three Russian consultants in PPP and infrastructure projects and has an impressive record of over 80 successful projects, including those in the transport industry. <http://www.vegaslex.ru/en/>