

# CONSTRUCTION AND OPERATION OF THE ORLOVSKI TUNNEL UNDER THE NEVA RIVER IN SAINT-PETERSBURG, RUSSIA



THE WORLD BANK



FRESHFIELD BRUCKHAUS DERINGER



RESEARCH AND DESIGN INSTITUTE OF  
REGIONAL DEVELOPMENT AND  
TRANSPORTATION

## PRELIMINARY INFORMATION MEMORANDUM

JUNE 2007

GOVERNMENT  
OF SAINT-PETERSBURG



FEDERAL HIGHWAY AGENCY  
OF MINISTRY OF TRANSPORT  
OF THE RUSSIAN FEDERATION

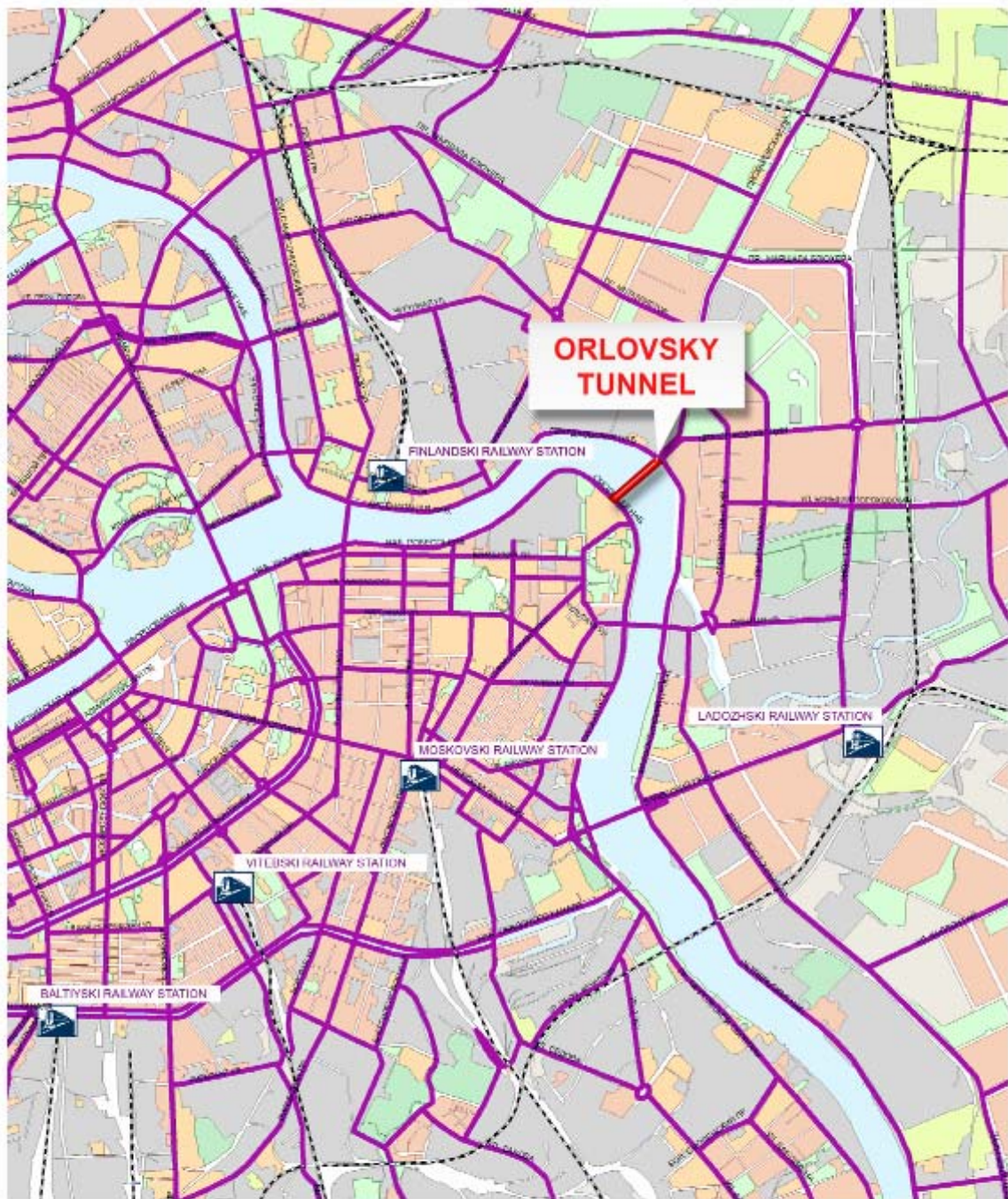


<p><b>PROJECT INFORMATION</b></p> <p>June, 2007</p>	<p align="center"><b>CONSTRUCTION AND OPERATION OF THE ORLOVSKI TUNNEL UNDER THE NEVA RIVER IN ST. PETERSBURG, RUSSIA</b></p>
<p>Project</p>	<p>In July 2007, the Russian Federation and the City of St. Petersburg plan to launch the bid procedure for the design, construction, finance and operation of a tolled tunnel running approximately 1 km under the Neva River connecting Piskarevski Ave. and Orlovskaya St. in St. Petersburg with an overall capacity of 60,000 vehicles per day (hereinafter referred to as “the Orlovski Tunnel”). The map shows the location of the tunnel on the urban road network of the city.</p>
<p>Project structure</p>	<p>Pursuant to the Decree of the RF Government No. 695-R, dated 31.05.2007, the Orlovski Tunnel will be implemented using a private-public partnership (PPP) model in accordance with the Law “On Concession Agreements”. The Concessionaire will be selected based on an open tender to be conducted after the pre-qualification procedure. The concession term will be 30 years starting from the concession agreement signature date. The Grantor of the concession will be the Russian Federation and the City of St. Petersburg. The financial structure is currently under development, and several structuring options are being considered, but the project will be implemented on the basis of technical solutions proposed by the successful bidders and an availability payment scheme. The amount of such availability payments will be one of the most important tender criteria and will be determined based on the bids submitted.</p>
<p>Consultants</p>	<p>The bid instruction document package is currently under development. The Government is being supported by a team of technical, financial and legal advisors including the World Bank, the law firm of Freshfields Bruckhaus Deringer, the Research and Design Institute of Regional Development and Transportation, and international tunnel specialists.</p>
<p>Project environment</p>	<p>St. Petersburg encompasses some 1,400 km<sup>2</sup> and a population of 4.6 million – it is the fourth largest European city in terms of population; a number of key major enterprises and industries are located here. St. Petersburg accounts for some 4% of the gross national product of the Russian Federation. In 2006, with a total city annual budget of 215.2 billion roubles, the city’s capital investments increased 4.5% against those of the previous year (in comparable values) and reached 178 billion roubles. In the same year, foreign investment totaled US\$5.3 billion, which is 3.7 times the amount in 2005.</p> <p>The motor vehicle fleet of the city totals 1.4 million vehicles, 80% of those being cars. By 2025, the fleet is forecasted to reach 2.2 million. In 2005, the volume of materials and goods transported by trucks in St. Petersburg was about 95 million tons and is expected to grow to 320 million tons by 2025. However, traffic conditions in St. Petersburg are already rather difficult: traffic speeds on most major urban highways on weekdays rarely exceed 15 km/h, falling to 5-8 km/hour during peak hours in the worst bottlenecks. These include the major bridges over the Neva River surrounding the proposed project site. Based on current forecasts, by 2025, the demand for the Orlovski Tunnel, assuming there are no constraints related to the geometry of the tunnel or the capacity of the approach roads, will exceed 110,000 vehicles per day in both directions. The survey conducted in 2006 revealed that over 90% of drivers were in favor of a tunnel under the Neva River.</p>

	<p>The decision of the Government of St. Petersburg to develop the project stems from the following factors:</p> <ul style="list-style-type: none"> <li>a) the current congestion of the transport network in the city center and the gravity zone of the Orlovski Tunnel,</li> <li>b) exhausted capacity of existing Neva bridges and</li> <li>c) the traffic increase expected throughout the city.</li> </ul> <p>St. Petersburg has the leading port in Russia in dry and containerized cargo handling (and the second largest in terms of freight turnover), a fairly extensive network of railways and motor roads, an air transport system, the Volgo-Baltic Waterway (VBW) and pipeline infrastructure, which makes the city a major transportation center for the country. The principal through-traffic flows from Europe go via the city. In 2005, the total volume of freight traffic through St. Petersburg amounted to some 270 million tons, 43% being international cargo. The Seaport of St. Petersburg is the biggest Baltic port, handling 67% of Russian containerized goods transported by sea internationally (1.2 million TEUs). The freight turnover of the Seaport of St. Petersburg is already five times that of its nearest neighbor – the Port of Helsinki (54.2 million tons in St Petersburg vs. 11.7 million tons in Helsinki). The VBW goes through St. Petersburg enabling the transport of goods from central Russia to western seaports. In 2005 the cargo traffic through the VBW amounted to 18.3 million tons. There are ten drawbridges and one cable bridge within the city borders over waterways used by transit ships. The traffic on the Neva River is limited by bridge opening periods, which reduces the capacity of the VBW.</p> <p>Owing to the opening of the bridges during the navigation period (April – November) on the VBW, transport communications between north and south St. Petersburg are disrupted at night. The tunnel would provide a permanent link between the right- and left-bank districts of St Petersburg along the busiest traffic routes and enable the Neva bridges to open for one hour longer every day thus increasing the total traffic in both directions by 10 ships. This would raise the cargo traffic through the VBW by 2.7-3.0 million tons per navigation period (April – November). As a result, the capacity of the St. Petersburg section of the VBW would be 1.3 times its current level.</p>
<p>Current project status</p>	<p>Together with the Decree of the RF Government No. 695-R, dated 31.05.2007, the project has received a number of key approvals and completed essential administrative processes. In particular, the Decree of the Government of the RF No. 1708-r dated 30.11.2006 approved the capital grant from the Investment Fund of the Russian Federation. The Government of St. Petersburg has also issued its decision to co-finance the project from the budget of St. Petersburg. Preparation works on the project site are under way, financed from the city budget. In 2006, the feasibility study was developed for the Orlovski Tunnel project and approved by the State Expertise Authority (Glavgosexpertiza) of Russia.</p> <p>The Grantor's current plan is to finish the pre-qualification procedure in November 2007, with bids due in the second quarter of 2008. As a preliminary step, the Grantor intends to hold the road show for the project as well as bilateral meetings with potential investors in the first part of September 2007, in London, UK, to present the information available on the project and elicit market feedback.</p>
<p>Contacts:</p>	<p>Questions related to the project and expressions of interest should be directed to the Orlovski Tunnel Project Development Company – JSC "WHSD", 44 Nevsky pr., St. Petersburg, 191186, Russia.</p>

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Map:



LEGEND:

— Main urban arterial roads

THE ORLOVSKI TUNNEL AS A PART OF THE URBAN ROAD NETWORK OF ST. PETERSBURG