

DATE: May 24, 2010

TO: Oregon Transportation Commission

FROM: Matthew L. Garrett
Director

SUBJECT: **Agenda A** - Approval for First Step of contracting out Maintenance/Operations on Oregon 219

Requested Action:

Request approval for the first step of a two-step contract for Contractor “Oversight Plans” for the maintenance pilot project and to request approval to designate an Oregon Department of Transportation (ODOT) official to execute the contract under the authority of Oregon Administrative Rule (OAR) 731-070-0240 to outsource maintenance on Oregon Highway 219 from milepost 10.05 to milepost 36.52 (excluding MP 20.16 to 20.59).

The first step will be to move forward with the selected contractor, Eagle-Elsner Inc. which received the contract through a competitive RFP process, to begin its work to finalize the necessary plans to manage, maintain, and operate the contract area. The plans will be turned in to ODOT for ODOT’s review and concurrence as outlined below:

Background:

Oregon Revised Statute (ORS) 367.804 gives ODOT authority through the Office of Innovative Partnerships (OIPP) to solicit proposals for transportation projects from private entities and units of government. Under ORS 367.806, the Oregon Transportation Commission must review and approve agreements established by ODOT under the OIPP.

Although mandated by section 23 of HB 2001, ODOT proposes the pilot project for outsourcing all maintenance activities upon a segment of a state highway as an innovative approach to roadway maintenance to determine whether outsourcing of maintenance will prove to be more cost-effective than ODOT maintenance.

The 2009 Jobs and Transportation Act requires ODOT to have this maintenance pilot project under contract by June 1, 2010, so this item cannot wait until the June 9-10 meeting.

Solicitation to Outsource Maintenance of Oregon Highway 219 MP :

HB 2001, Section 23, directs ODOT to develop and implement a six-year pilot program to contract for all maintenance activities on a segment of state highway between 10 and 30 miles in length. The department enter into a contract by June 2010. This legislation encourages ODOT to study such

programs in other states to determine and adopt best practices, and requires DOT to conduct the procurement of contracts through the Oregon Innovative Partnerships Program. The legislation also requires ODOT to report biennially to the House and Senate Business and Labor Committees and to the Ways and Means Committee.

To comply with section 23 of HB 2001 ODOT has selected a segment of Oregon Highway 219 that is 26.47 miles long. This segment begins at the community of Scholls, north of Newberg, and continues south to the west side of I-5 near Woodburn. This segment does not include the portion of Oregon Highway 219 that is routed over U.S. Highway 99W.

Contractor's Required Management, Operational, and Maintenance Plans include:

- An **Administration Plan**, which identifies **key personnel** and describes the functions and responsibilities of each key person for the management and technical plan, and the operational plan. In addition, the administration plan shall describe the contractor's experience, and plans for Disadvantaged Business Enterprise and diversity participation.
- A **Management and Technical Plan**, which explains the management and technical approach and plans to achieve and maintain the required Maintenance Rating, customer service resolution plan, and reporting requirements.
- An **Operations Plan**, which explains the approach and methods to be used to manage and conduct incident response, including hazardous materials responses, and routine & periodic maintenance.
- A **Plan for Compliance with Standards**, to ensure compliance with current Department Standards, Specifications and Procedures, department and federal manuals, guides and handbooks, State Statutes and State Administrative Code Rules and other requirements as referenced in the Scope of Services.

The second step, which will occur within the next few months, will be to execute the operating contract for the actual maintenance and operations contractor. This two-step process is needed to provide more time and opportunity to define and agree on items that need further negotiation to be included in the final contract, such as costs, facilities, fleet, and levels of services.

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