

OREGON INNOVATIVE PARTNERSHIPS PROGRAM

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*James Whitty
Manager, Office of Innovative Partnerships
& Alternative Funding*



Creation of the Partnership Program in Oregon

- 2001 Legislature directed ODOT to explore public-private partnerships
- 2002 Innovative Finance Advisory Committee (IFAC)
- 2003 IFAC report basis for SB 772

Unique Legislation Provides Exceptional Opportunities

Only Projects that meet the goals of the legislation will be executed through OIPP, OTC must designate

- Increase Project Delivery Speed
- Create Innovative Project Development
- Access to new Revenues and Financing Arrangements

Tools Available under OIPP

- Receive Solicited and Unsolicited Proposals
- Contracting at the Conceptual Stage
- Qualifications-based / A Best Value Procurement
- Protects Proprietary Information

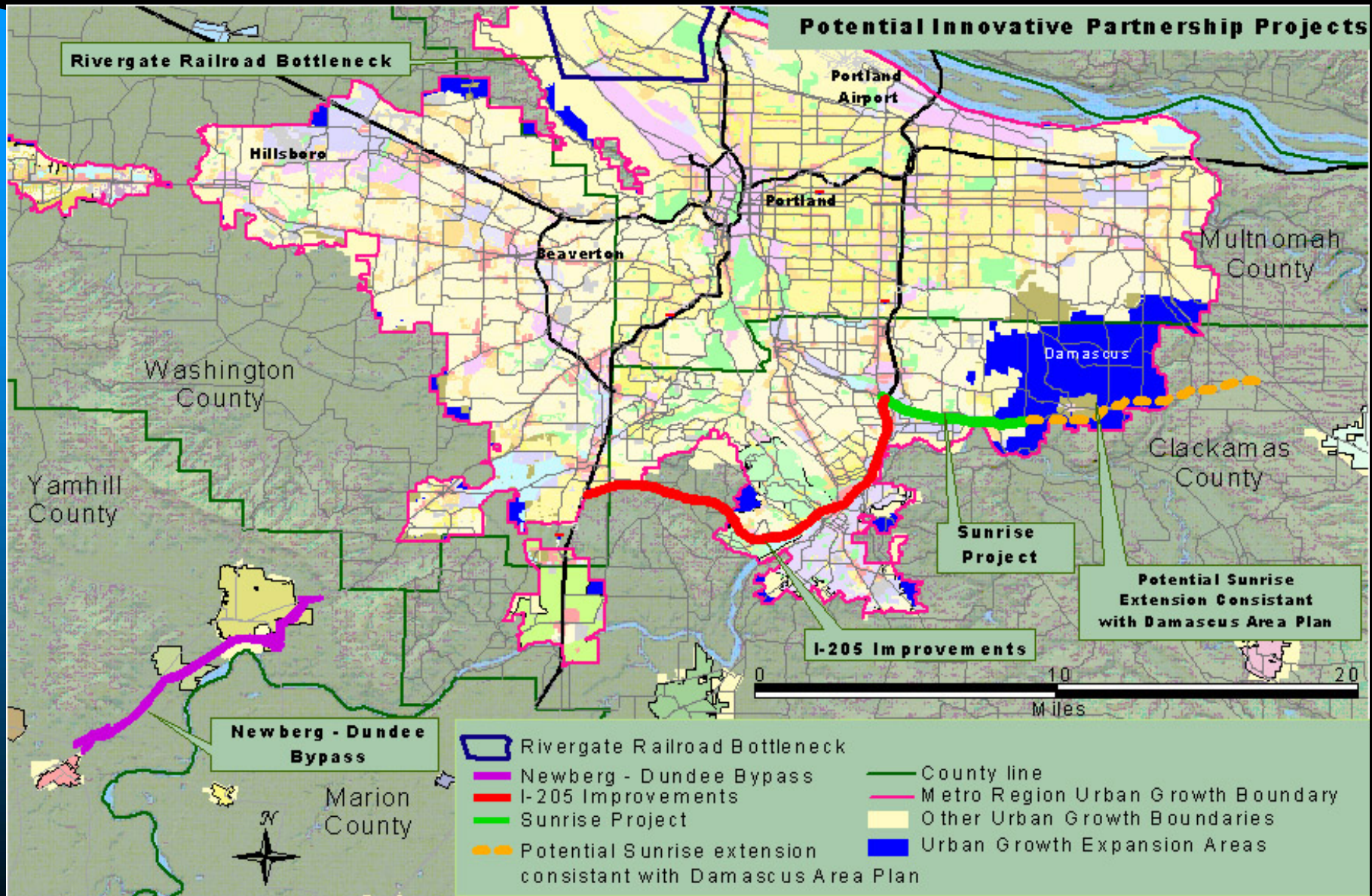
Goals/Philosophy of OIPP

- Create True Partnerships ranging from Oregon-based firms to International Developers to other Public Entities
- Create & Maintain Cooperative, Open Process
- Risk Management Balance
- Create Structure without Losing Innovation and Flexibility
- Ongoing Evaluation of Processes

Projects Recommended for Initial Solicitation

- 1. The Sunrise Project**
- 2. South I-205 Corridor Improvements**
- 3. Newberg-Dundee**
- 4. Maintenance Facilities (Statewide)**
- 5. Rivergate Railroad Bottleneck**

Potential Innovative Partnership Projects

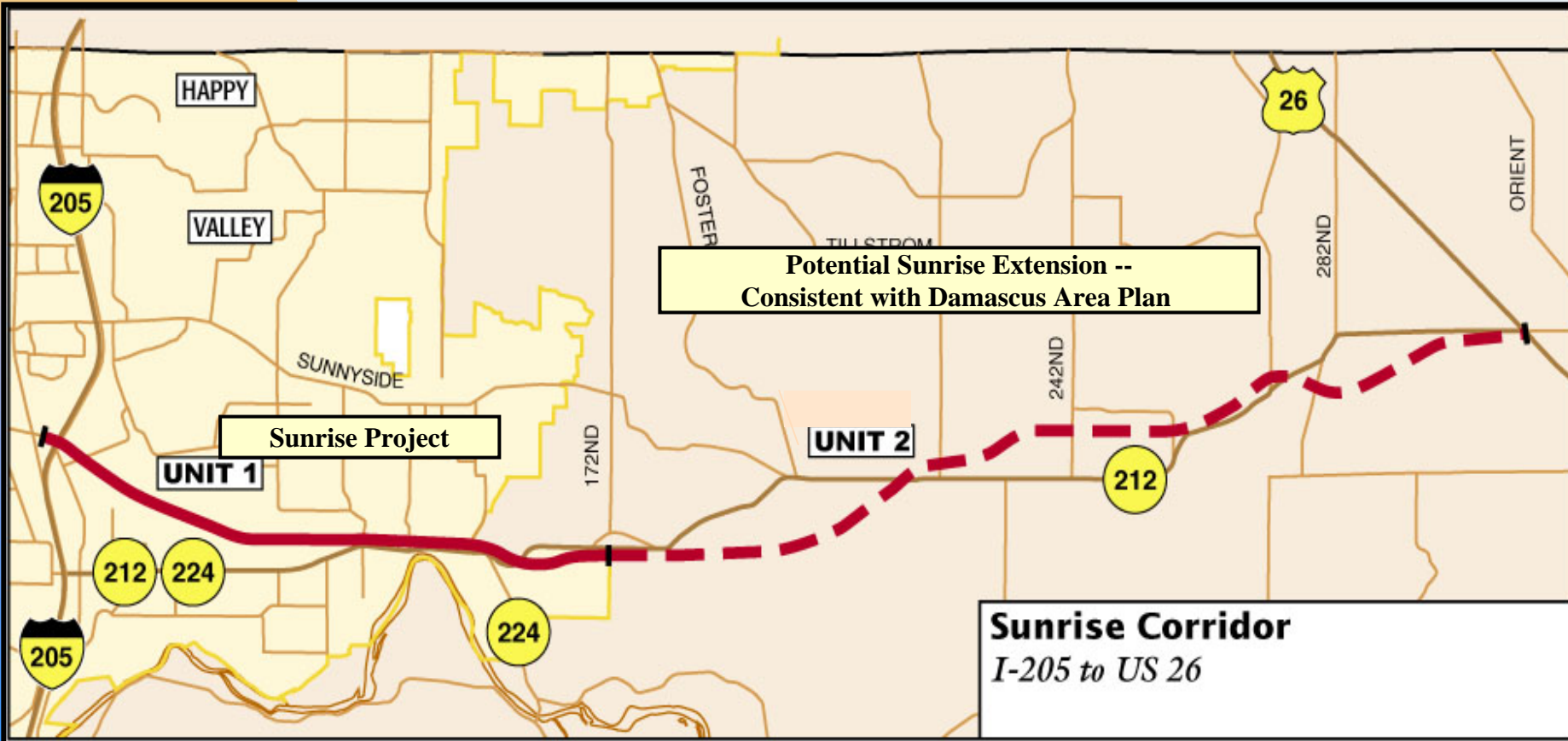


Sunrise Project

- The Sunrise Project corridor is a major truck/freight distribution center in the eastern Portland metropolitan area.
- Proposed project entails construction of a new 4-lane, limited access facility.
- Current average daily traffic (ADT) of 58,400 trips on existing Hwy 212/224 through the corridor, of which 7,000 are truck trips (12%).
- Freight and passenger movement is negatively impacted because of congestion - many intersections are failing.
- Future development of the Damascus area will contribute to increased traffic volumes along the Sunrise Project Corridor to the west.

The Sunrise Corridor

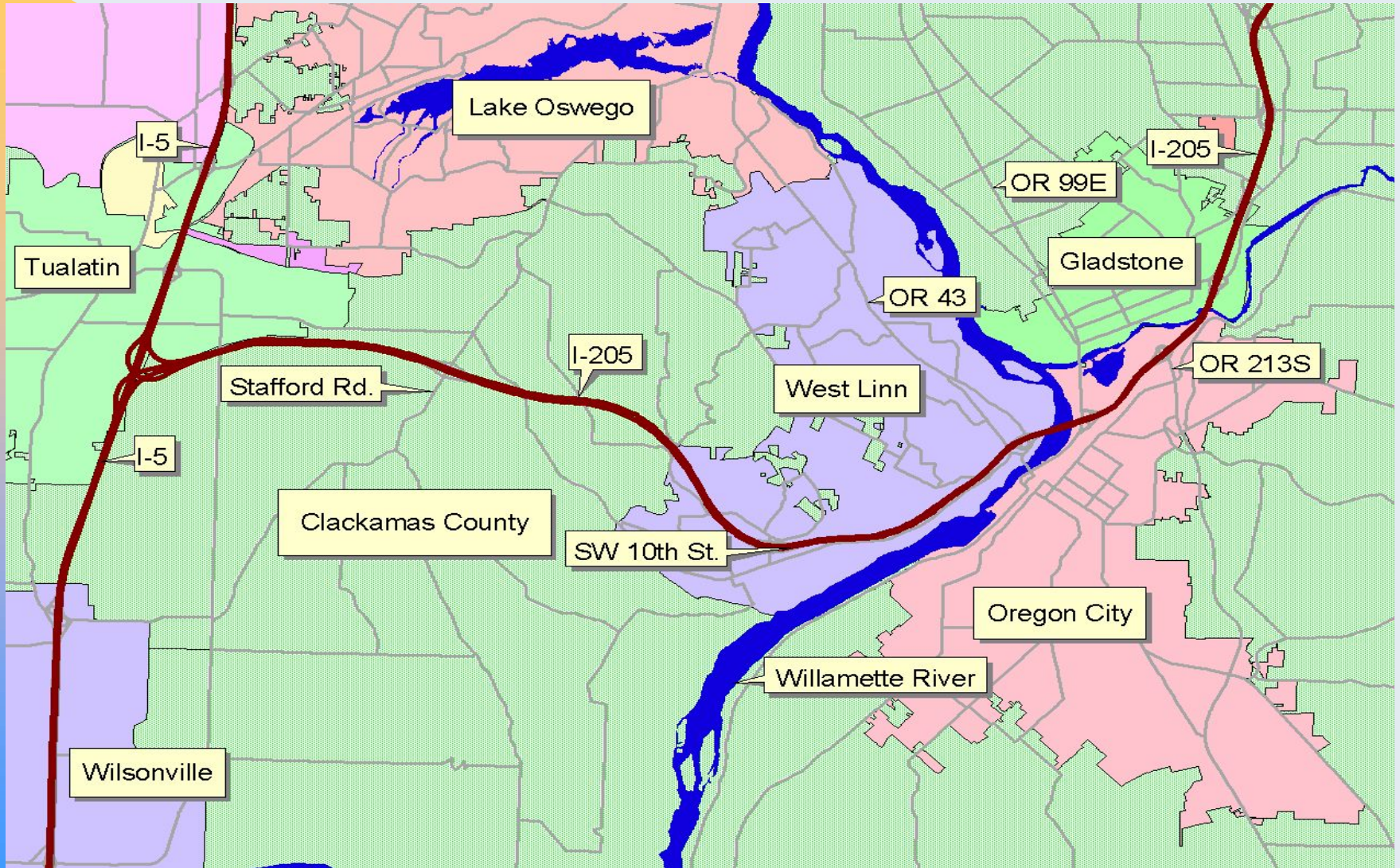
Sunrise Project extends from I-205 to Rock Creek Junction (5 miles)
Potential future extension east to Highway 26 (8 miles)
(Alignment of potential extension of facility consistent with Damascus Area Plan - diagram for illustration purposes only)



South I-205 Corridor Improvements

- Major north-south freight and commuter route in the Portland metropolitan region.
- The transition from six lanes to four lanes at the Willamette River crossing contributes to significant congestion along the corridor.
- Traffic volumes have grown significantly with development in the south metro area over the last 10 years to 82,000 ADT (up 22%) at the south end at I-5 and to 137,000 ADT (up 20%) at the north end (Hwy 213S).
- Metro's 2000 Transportation Plan identified the need for an additional through lane in each direction on this section of I-205.
- Preliminary ODOT assessment has determined that widening the South I-205 Corridor to 3 lanes in each direction is feasible without undue adverse impacts.

South I-205 Corridor Improvements

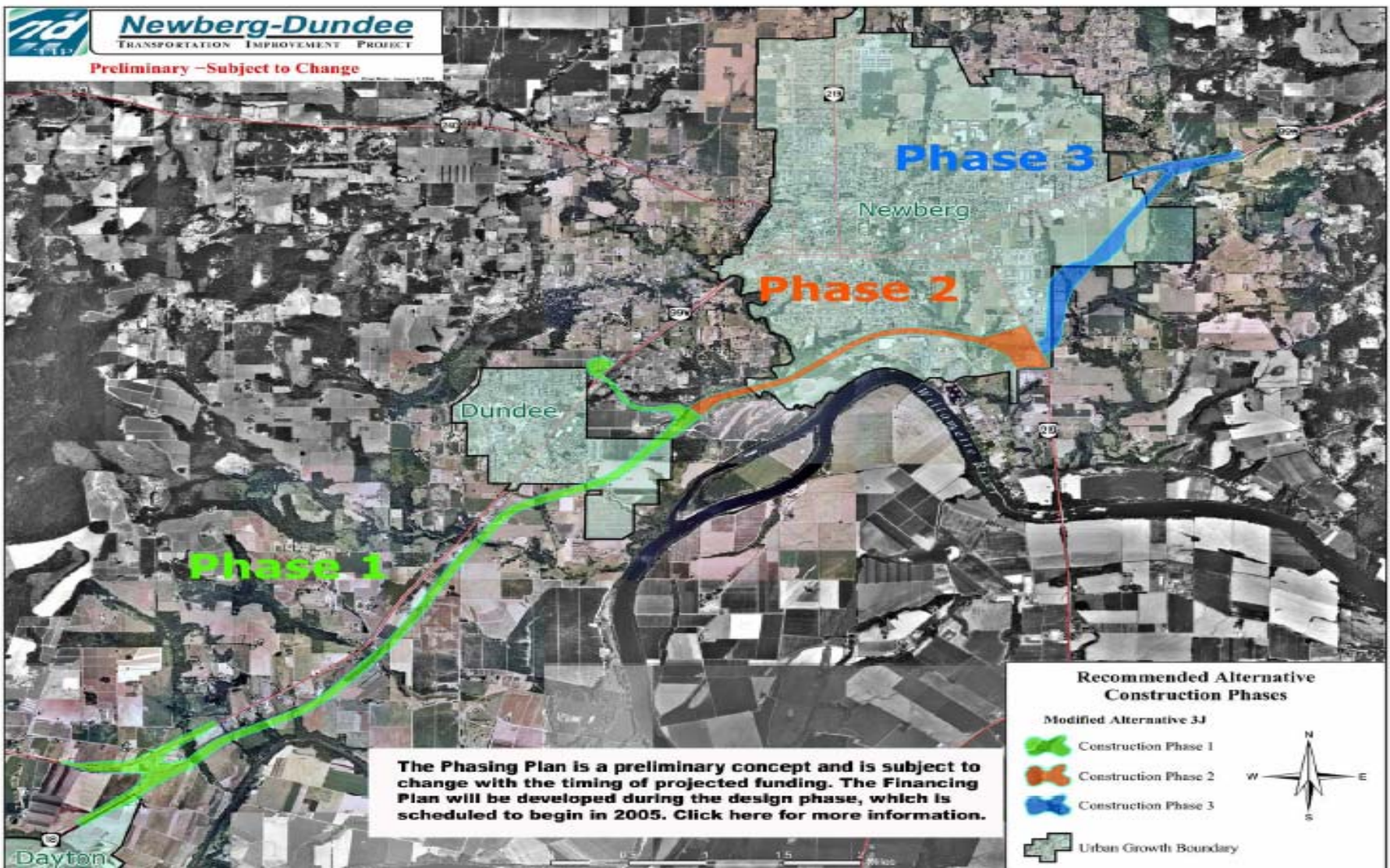


Newberg-Dundee

Transportation Improvement Project

- Traffic congestion has reached unacceptable levels for those travel through Newberg, Dundee and the surrounding areas.
- Traffic volumes on 99W are expected to increase substantially over the next 20 years to 40,000 – 56,000 VPD
- An identified alternative corridor (bypass) is approximately eleven miles long, starting at the east end of Newberg and ending near Dayton at the junction with OR 18.
- Current estimates of project cost are approximately \$310 million.
- ODOT has developed a three-phase concept plan: 1) Dayton Interchange to OR 99W in Dundee; 2) East Dundee Interchange to OR 219 Interchange; and 3) OR 219 to East Newberg Interchange.
- A recent survey validated strong public support for the bypass within Yamhill County and through the 99W corridor from Portland to the coast.

Newberg-Dundee Transportation Improvement Project



Maintenance Facilities (Statewide)

- ODOT owns facilities that were established many years ago outside developed areas, but now are in the middle of prime, developed urban areas.
- Maintenance activities are often non-compatible with surroundings and the “highest and best use” of these properties may be privately developed endeavors.
- Opportunities exist to use the OIPP to exchange for some alternative, "turn-key" facility that will better meet ODOT's needs, community desires and provide private development opportunities on state-owned property.
- ODOT will introduce a statutory change which will allow exchange of real property for development services to implement this program .
- We plan to issue an RFP on several of these projects in 2005.

Rivergate Railroad Bottleneck

- The Portland area has pockets of rail congestion that block the flow of both passenger and freight rail traffic.
- Within the “Portland Triangle”, bottlenecks were identified by the *I-5 Rail Capacity Study* that focused on the Portland-area rail system.
- Projects include: (1) improving running times in selected corridors, (2) increasing capacity at chokepoints, (3) adding yard tracks, (4) installing grade separations that reduce vehicular delay at key locations.
- Benefiting parties include the Union Pacific and BNSF Railroad, Port and City of Portland, shippers, passenger rail, area businesses and the traveling public.
- OIPP will work with all of the effected entities and jurisdictions identify the best mix of projects to move forward with an RFP.

Rivergate Bottleneck - Justification

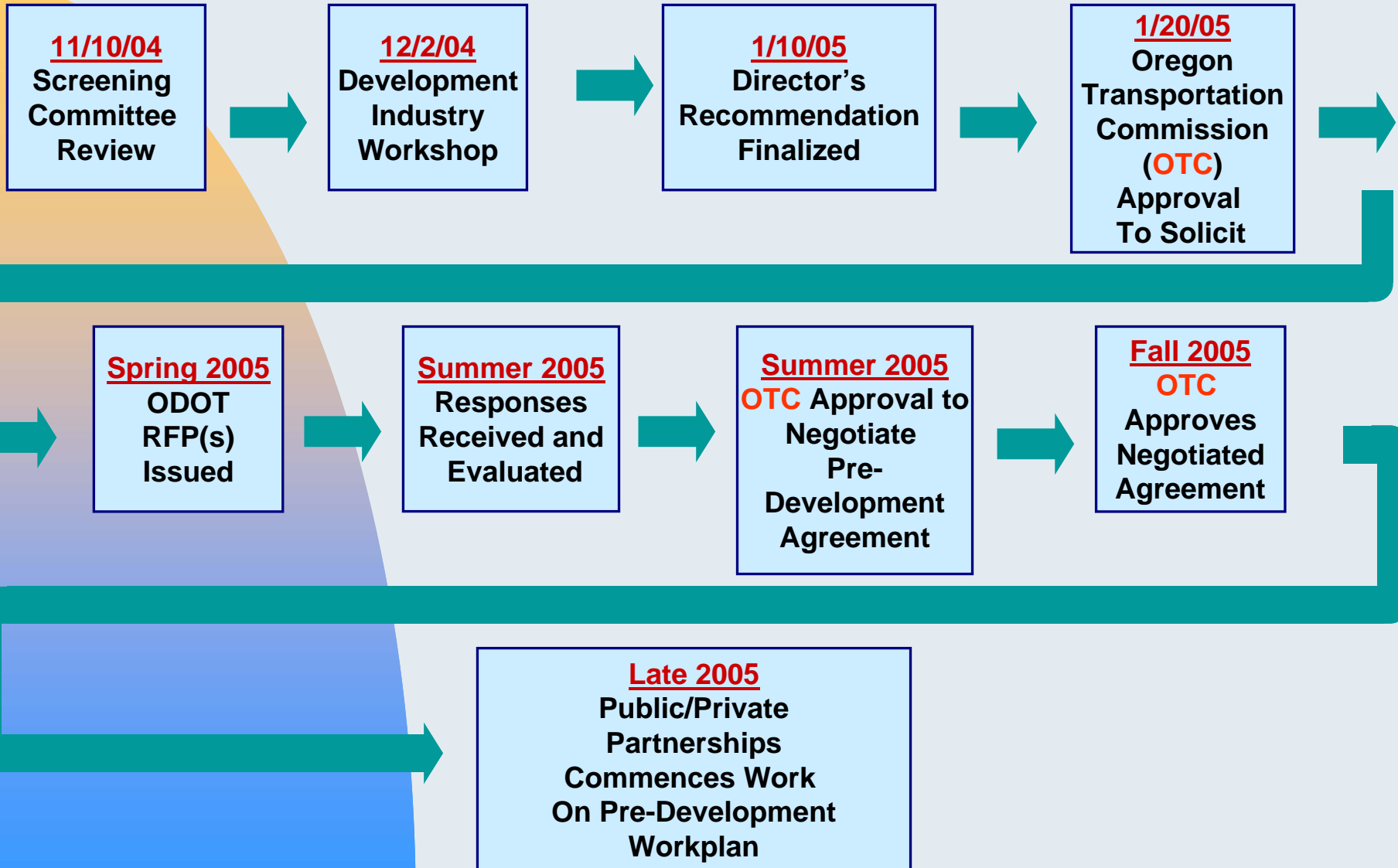
The Rivergate Railroad Bottleneck received a number of responses to our RFI indicating potential to accelerate delivery and provide innovative financing approaches through early private participation in a PPP:

- “The project would appear to lend itself well to the possibilities of public/private contracting models as it could include funding from private sources, government sources and financing based on redevelopment of land and urban areas.”
- “The Rivergate Bottleneck could be ripe for a development project with funding mechanisms, such as usage charges paid by the Railroad on a per unit basis ...This concept has been successfully applied on the Alameda Corridor Project in CA.”

Characteristics of Pre-Development Agreements

- **Selection based on qualifications, project understanding and approach**
- **Private partners brought in to support NEPA process and undertake activities to speed up delivery**
- **Financial resources contributed from both sides**
- **Allows concurrent rather than sequential work tasks:**
 - **Funding and financing plans**
 - **Public and political consensus building**
 - **Design innovation and project staging**
 - **Optimizing transportation solutions**
 - **Formation of necessary districts or authorities**
- **If phase one successful, ODOT and Private Partner enter into negotiation for subsequent agreement(s)**

OIPP Solicitation Suggested Timeline



OIPP

***Portland Business Alliance
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South I-205 Corridor - Justification

Responses to RFI indicate that the South I-205 project may have significant potential to accelerate delivery and provide innovative financing approaches through a PPP:

“(This) project has, on the surface, a number of characteristics that may contribute to an effective PPP...its use of existing ROW should keep the environmental and permitting effort within manageable bounds ...”

“It may be possible to develop ... improvements such as premium toll lanes that have a fee structure built on congestion pricing ... as an alternative, additional lanes could be dedicated to freight traffic.”

“This project appears feasible for an HOT lane operation ... Busses and vehicles with 3 or more could be allowed onto the HOT lanes at no cost ...”

Sunrise Project - Justification

Responses to RFI indicate that the Sunrise project has significant potential to accelerate delivery and provide innovative financing approaches and would benefit from early private participation in development of financing plan through a pre-development agreement for a PPP:

“This project may be feasible ... an investment-grade traffic and revenue study will answer the toll funding study ... We believe this project may benefit from the formation of a highway taxing district and/or authority to level developer highway impact fees.”

“This project is driven by the fast urban development of Clackamas Co...significant opportunities to finance may include developer fees along the corridor and inclusion of light rail in the median.”

Newberg-Dundee - Justification

The Newberg- Dundee project received the most responses to our RFI indicating a high potential to accelerate delivery and provide innovative financing approaches through early private participation in development of financing plan for a PPP:

- “Our interest assumes that the design build execution would be within the PPP scope and the land use appeal is resolved favorably ...**it is early enough in the life of the project that considerable value might be added through the early engagement of a private partner.**”
- “... completion of the EIS should be well along prior to considering this project as a viable user fee-based toll facility. (We) remain very interested in this project as a PPP candidate as it progresses.”
- “... since it is a new road, will create new traffic patterns and will create substantial time travel savings, it may be possible to include ... a toll structure into a PPP.”
- “This project appears feasible as a through-traffic toll facility ... Local-resident vehicles could obtain a free or discounted transponder (for) electronically tolled “fast lanes”.

Maintenance Facilities - Justification

Responses to RFI indicate that our Maintenance Facilities project has significant potential to provide innovative financing approaches and create “win/win” situations for the effected communities, ODOT and private developers through a PPP:

- “This project appears to be particularly well suited to public/private partnerships ... may be possible to enter into a partnership with a private development firm to relocate the facilities to a more appropriate location ... and rebuild the property for profit to offset the cost of the relocation.”
- “This project may be a good candidate for a PPP project ...a preliminary investigation indicates that the purchase of new property and development of a new facility may exceed the development value of the existing land ... additional funding mechanisms may be required ... **timing would have to align with passing of legislation allowing such a transaction.**”