



Oregon Department of Transportation



Oregon's PPP Experience

4th Annual Public Private Partnerships Summit

February 6, 2008

Ronald Reagan Building – Washington DC

Art James

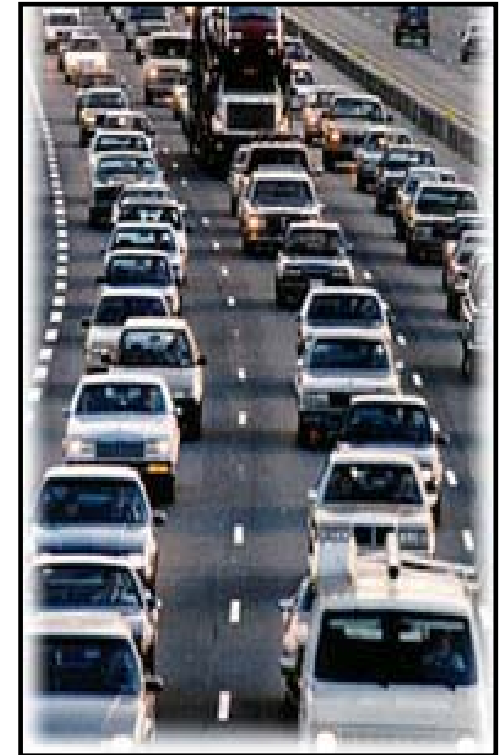
Office of Innovative Partnerships





Why is Oregon exploring PPPs

- Oregon has not increased Gas Taxes since 1993
- Population has increased about 30%
- Commensurate increase in the Number of Vehicles and Traffic Congestion
- Costs of constructing new capacity has gone up as much as 300% in same period
- Oregon *does not have the resources to fund large projects*





BROAD AUTHORITY

Oregon's PPP law defines

“Transportation project” as:

“Any proposed or existing undertaking that facilitates any mode of transportation in the state.”

Could apply to Roads, Rail, Transit, Aviation, Facilities, etc.





Allows ODOT to Receive Both Solicited and Unsolicited Proposals

- Proposals can be Initiated by Private Firms and/or Units of Government
- Allows Innovative Procurements outside the normal Public Procurement Law
- Projects Can be Selected by Best Value instead of Lowest Cost Requirement
- No unsolicited proposals have been received to date



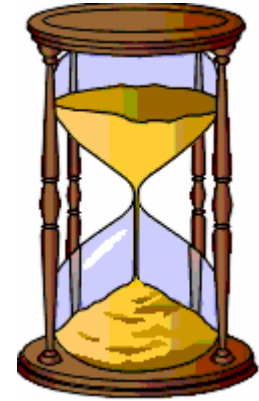
What Oregon Sought from Public Private Ventures

- Augment traditional state funding resources
- Access to development capital (“skin-in-the-game”)
- Financial expertise on project financing options
- Expedited project development
- Entrepreneurial approaches to project development



Chronology of PPPs in Oregon

- Legislation passed creating the Oregon Innovative Partnerships Program
- Developed rules, established office, hired expert consultants
- First Procurement covering 3 major Highway projects
- Embarked on “Pre-development” work with Macquarie
- Mutually agrees to take “Off-ramps” on 2 of the 3 projects





Where We Are

The Sunrise Project - Parties took “off-ramp” 2007
– too short, not enough traffic, too much leakage

Newberg-Dundee Improvement Project - Parties took “off-ramp” 2007 – not enough revenue from tolling to support the cost of the project

South I-205 Corridor Improvements –

On hold pending development of tolling policy and pre-NEPA work





Some Oregon “Lessons Learned”

- Lack of a stipend in first procurement probably limited competition
- Very important for ODOT that private partner advance up-front capital
- Projects need to have regulatory clearances before going to hard bid
 - Projects must be ready-to-go (incorporated into state and local plans, ROW secured, etc.)





Considerations for Public Authorities

- Develop a “Public-Sector Comparator” first
 - Show how the project pencils out
 - Extremely liquid market for tax-exempt debt
- In a concession, ROI means higher cost of capital
- This may be appropriate *IF* there is sufficient shift of risk to private partner
- Incumbent on private partner to demonstrate “Value for Money” to justify higher cost



Current Non-Road Investigations

- ***Solar Highway***

- Private installation of solar generation on public ROW and facilities to off-set power costs and reduce “*carbon footprint*”

- ***Alternative Fuels Distribution Corridor***

- Use of ODOT right-of-way and other property to dispense non-fossil fuels; increasing availability and demand

- ***ECO-Campus Redevelopment***

- Attracting private investment to redevelop ODOT facilities to new “**Green**” standards mandated by State law





Future Highway PPPs

- ODOT and WSDOT have begun investigating the Columbia River Crossing as a possible PPP
 - Multi-Billion Dollar replacement of Interstate 5 Bridge over the Columbia River between Oregon and Washington State
 - DEIS Due Out Spring of 2008 – ROD 2009
 - Only a portion of the Revenue necessary for Construction and Operation is available through Tolling





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*Website for
Oregon Innovative
Partnerships Program*

More information available at:

www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml

