



Oregon Department of Transportation



Oregon Innovative Partnerships Program

**Northwest Transportation Conference
Oregon State University
February 8, 2006**

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Oregon Innovative Partnerships Program
(OIPP)*





The 2003 Legislature created the Oregon Innovative Partnerships Program to:

- Develop partnerships with private entities and units of government
- Expedite transportation project delivery
- Maximize entrepreneurship and innovation in project development
- Leverage public funding with private sources of capital





Relevant Provisions of OIPP Law

- OIPP outside the normal government procurement law (ORS Chapter 279)
- Projects selected by Best Value instead of Lowest Bid
- Allows private partners into the early stages of project
- Consistent with all local, regional and state transportation planning requirements
- No change in NEPA or land use planning
- Allows ODOT to Solicit Proposals or Accept Unsolicited Proposals



OIPP Statutory Project Definition

“Transportation project” -- “any proposed or existing undertaking that facilitates any mode of transportation in this state.” (ORS 367.802(3))

- Broad application
- Authority could be applied to roads, bridges, rail, ports, ancillary facilities, telecommunications, transmissions . . .



ODOT has retained nationally recognized expertise in developing Public/Private Partnerships:

- **Carter & Burgess, Inc.** – Program Management
- **Nossaman, Guthner, Knox & Elliott**
– Special Legal Counsel
- **Public Financial Management (PFM)**
– Financial Advisor
- **Wilbur Smith & Associates**
– Traffic and Revenue
- **The IBI Group** – Tolling Technologies



ODOT received FHWA waivers under Special Experimental Program #15 (SEP-15)

- ODOT can consider and review project modifications or extensions
- Can enter into negotiations with a firm prior to award.
- Can issue an RFP and enter into Pre-Development Agreements prior to final NEPA approval
- Allows developer to propose taking responsibility for operation and maintenance of the facility
- Specifies that determining “price reasonableness” prior to project award constitutes a competitive process for FHWA.
- Allows developer to provide NEPA support for the project as long as: (1) a firm not affiliated with developer compiles the actual NEPA documents; (2) developer services are under control and direction by ODOT and FHWA; and (3) ODOT and FHWA will be responsible for content and conclusions of the NEPA documents.



OIPP Recently Executed Contracts With Macquarie Infrastructure Group for Three Major Highway Projects:

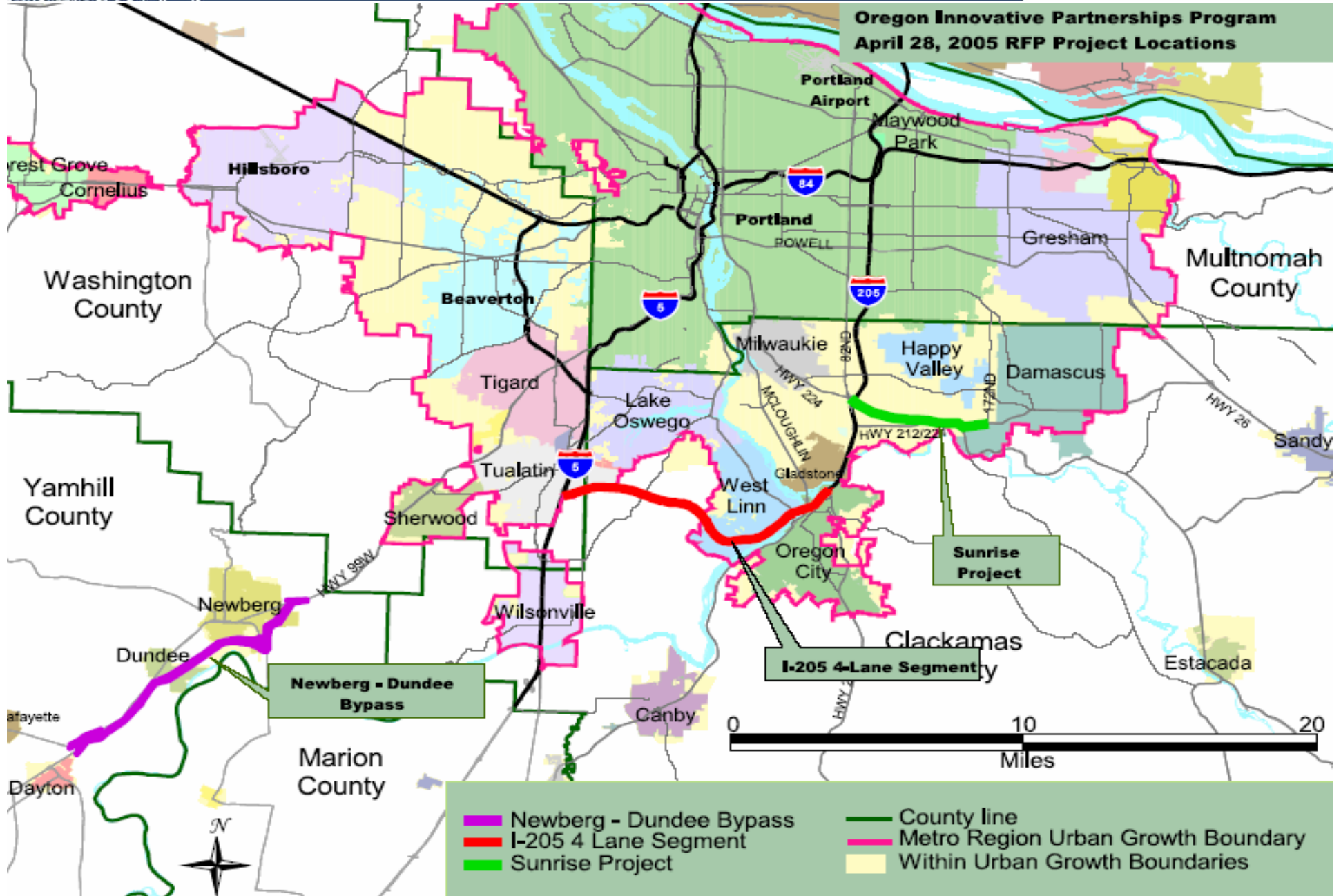
- **The Sunrise Project** - New limited-access 4-lane facility in Clackamas Co., serving the newly incorporated City of Damascus
- **South I-205 Corridor Improvements** - Possible tolled expressway in SE Portland
- **Newberg-Dundee Improvement Project** - Bypass of congested State Highway 99W in Yamhill Co.



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**Oregon Innovative Partnerships Program
April 28, 2005 RFP Project Locations**

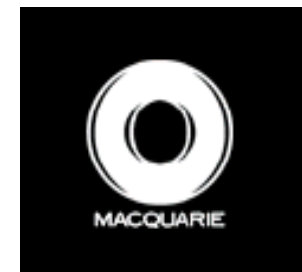


- Newberg - Dundee Bypass
- I-205 4 Lane Segment
- Sunrise Project
- County line
- Metro Region Urban Growth Boundary
- Within Urban Growth Boundaries



Representative Toll Road Experience of Macquarie Infrastructure Group

- **Dulles Greenway**, Virginia - 2005 - \$617M – Financing, Operations and Maintenance
- **Chicago Skyway** - 2005 - \$1,850M - O&M
- **Sea-to-Sky**, Vancouver, Canada - 2005 - \$462M, Public-Private Partnership
- **SR 125**, San Diego - 2003 - \$773M Financing, Developer, Operations & Maintenance
- **407 ETR** (Electronic Toll Road), Toronto – 2002 - \$393M Financing





Key Features of the Macquarie Proposal



- The Macquarie Group has linked with Hatch Mott MacDonald, a leading engineering consulting firm, to create the consortium Oregon Transportation Improvement Group (OTIG)
- If preliminary investigation shows the projects to be financially viable, OTIG will conduct a subsequent competition to bring on a design/builder
- Other members of the consortium include firms with expertise in Traffic & Revenue Analysis, Environmental, Public Relations, Legal, etc.



Key Elements of the Pre-Development Agreements

Project Work Plans

- OTIG work will proceed by defined *Milestones* at which the parties will assess the benefits of moving forward or terminate the partnership by taking an “*off-ramp*.” This includes:
 - Developing a funding and financial feasibility plan
 - Contributing to the NEPA process
 - Design innovation, value engineering and logistics
 - Managing design-build contractor competition

Sharing Risk Among the Parties

- Up-front investment of private capital for project development
- Cap on project development costs with 30% discount for all three projects
- OTIG assumes 100% of risk for project financing and facility operation under a 40-year concession period.

If Phase One is successful, OTIG earns the right to negotiate an Implementation Agreement to build and operate facilities.



A Unique Opportunity for Oregon

- Private capital is seeking investment in U.S. infrastructure and the Macquarie Group is a leader in this field.
- ODOT was able to attract a financially strong private partner that is successful in public-private partnerships around the world.
- OTIG will help ODOT explore new sources of revenue, such as electronic tolling, to build projects for which traditional highway funding sources are insufficient.
- OTIG will pursue all three projects with discounted fees and will advance their own funds subject to limited ODOT reimbursement.
- OTIG and ODOT will jointly investigate these core projects, including the possibility of extensions, while managing the agreements over time within the OTC's \$20 million funding limit.



Tolling Issues Under Consideration in Oregon

Tolling Policy Development

- Toll existing capacity or just new capacity
- Revenue maximization or congestion management
- System network standardization (interoperability) including adjacent states

Toll Collection Methods

- Manual
- Automatic coin machines
- Full or Partial Electronic toll collection
- Transponders (Battery-powered or “sticker” tags)
- Cameras / Image tolling



Tolling Issues (*continued*)

Toll Facilities

- Traditional toll booths
- “Open road” tolling or express lanes (Gantries)
- High Occupancy Toll (HOT) lanes
- Area, cordon or corridor tolling

Toll Rates

- Fixed price, flat rate or mileage-based
- Discounts for local residents? Frequent users?
- Value pricing – Time-of-Day – Day-of-Week
- Discounts for hybrids or HOVs
- Schedule for toll rate increases



Tolling Issues (*continued*)

Integration of Tolling into ODOT Planning Processes

- Effect on project prioritization process (STIP)
- Developmental impacts (e.g., Interchange Area Management Plans, land use)
- Traffic diversion impacts to other facilities
- FHWA requirements
- Strategy for public education, communication and acceptance



Tolling Issues (*continued*)

Administration of Tolling (ODOT – Private Partnership)

- “Back-office” customer service centers
 - Setting deposits, payment policies, funds flow, etc.
 - Collection issues with multiple providers/toll roads/jurisdictions (states)
- Enforcement for non-payment of toll
 - Enforce via mail using digital license plate images
 - Access DMV for payment with renewal of registration
 - Use of courts or administrative proceedings
 - Video tolling



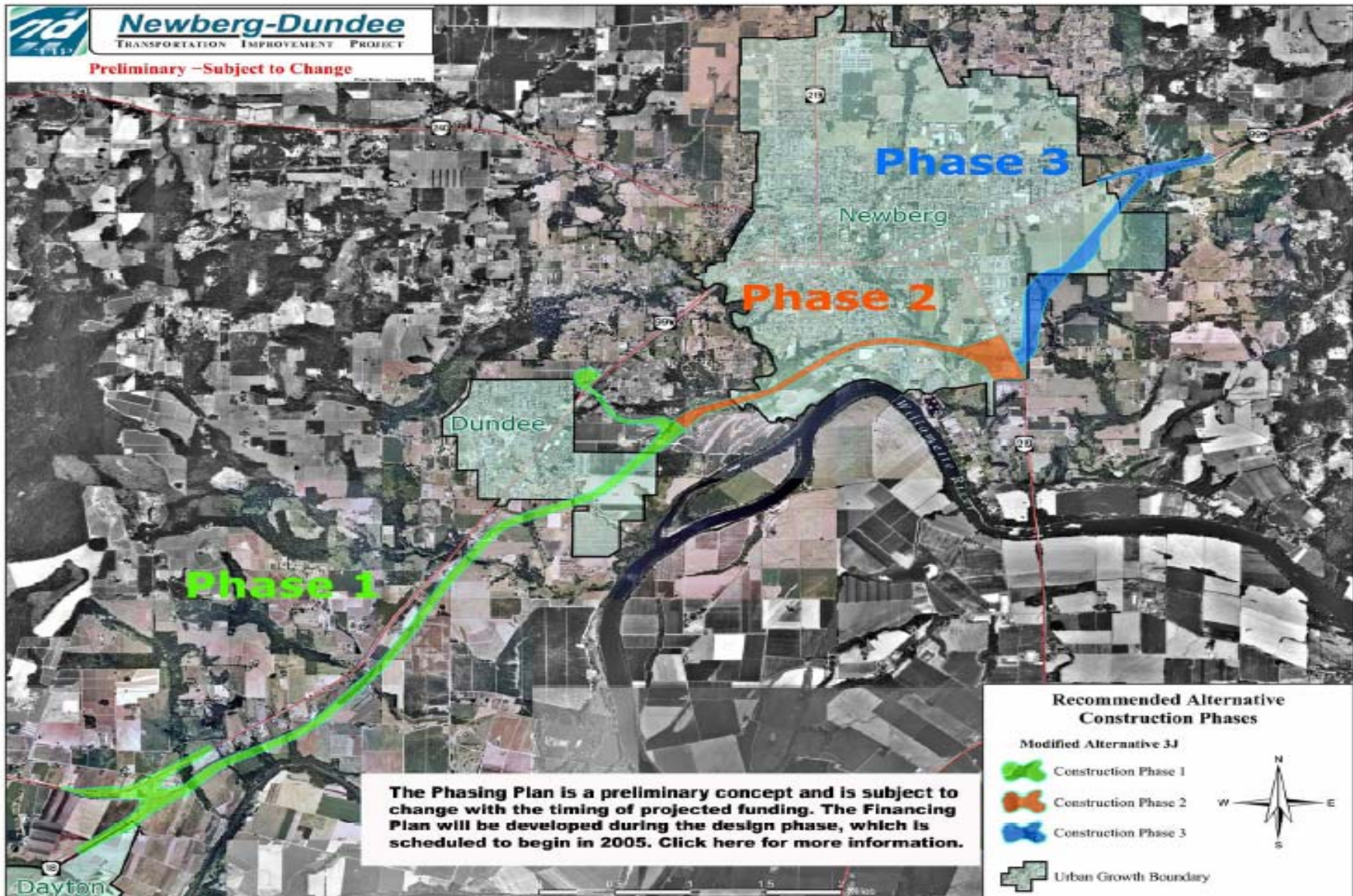
CASE STUDY: Newberg-Dundee

OTIG's initial study areas will include:

- “Corridor” tolling covering both the Bypass and 99W
- One-directional “Bypass-only” tolling at Rex Hill
- Traffic “calming” measures to discourage diversion
- Electronic toll collection
- Discounts / annual passes for local residents
- Time-of-Day and/or Day-of-Week tolling
- Variable distance-based toll
- Possible future extensions:
 - Hwy 18 to McMinnville
 - I-5 to 99W Connector (Tualatin-Sherwood)



Newberg-Dundee Transportation Improvement Project





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*Website for
Oregon Innovative
Partnerships Program*

More information available at:

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

