



Frequently Asked Questions

Oregon Innovative Partnerships Program and Oregon Transportation Improvement Group

Q. What is the Oregon Innovative Partnerships Program?

A. The Oregon Innovative Partnerships Program (OIPP) is a forward-looking strategy to help solve our State's current and future transportation challenges. The program allows the Oregon Department of Transportation (ODOT) to enter into partnerships with private-sector businesses and local governments to study, design, fund, construct and operate critically needed transportation projects, including roads, bridges, airports and ports.

The goal of the Oregon Innovative Partnerships Program is to expedite the construction of greatly needed transportation infrastructure that would otherwise not be constructed for decades, if at all. Through the public-private partnerships encouraged by the program, the Oregon Department of Transportation is able to bring new funding sources, expertise and technology together to maximize the public's investment in transportation.

Q. Why did the Oregon Legislature establish the Oregon Innovative Partnerships Program?

A. Studies commissioned by the Oregon Transportation Commission and private business organizations continue to show that the existing gas tax (the last one-cent increase was in 1993) does not provide enough revenue to meet Oregon's transportation needs, even as commercial and commuter traffic continues to grow and congestion mounts. For example, \$6 billion is needed in the Metro region alone to meet the mobility demands of the region over the next 20 years. Yet, public funds are not currently available to finance these projects.

Recognizing this challenge, the Oregon Legislature passed Senate Bill 772 in 2003, removing a number of barriers to the formation of public-private partnerships that could help finance and deliver important transportation-related projects which might otherwise take decades to construct, if ever. The Oregon Innovative Partnerships Program provides the mechanism that allows the Oregon Department of Transportation to enter into these public-private partnerships.

Q. How does the Oregon Innovative Partnerships Program work?

A. The Oregon Innovative Partnerships Program allows the Oregon Department of Transportation to accept proposals for transportation projects from other government organizations and private businesses. The program also allows the use of a wide variety of financing mechanisms for transportation projects. These include special improvement districts, federal and State bonds, revenue and property contributed by private and public interests, and user fees such as tolls. Federal and State grants can also be used to develop projects under the program. The involvement of private-sector partners in early planning stages allows for the identification of design, construction and funding innovations that help the State deliver transportation projects quickly and more efficiently.

Q. What is Oregon Transportation Improvement Group?

A. Oregon Transportation Improvement Group (OTIG) is the private-sector partner selected by the Oregon Department of Transportation to study, design, engineer, fund, construct and potentially operate three transportation improvement projects that are needed to help keep Oregon's economy moving forward. Oregon Transportation Improvement Group is a consortium of companies with extensive experience and long histories of success in the financing, design, engineering and operation of state-of-the-art transportation facilities.



The group is led by Macquarie Infrastructure Group, a wholly owned subsidiary of Macquarie Bank Limited, listed on the Australian Stock Exchange. The Macquarie Infrastructure Group is a leading corporation in the financing, construction and operation of highly successful transportation facilities in the United States and around the world.

The other principal partner is Hatch Mott MacDonald, a North American engineering and transportation consulting firm with comprehensive capabilities in planning, environmental assessments, studies and analysis, design, procurement, construction engineering and inspection, construction management, and facility maintenance and operation.

Q. Why was Oregon Transportation Improvement Group selected for these projects?

A. Oregon Transportation Improvement Group was one of two entities worldwide that submitted proposals to the Office of Innovative Partnerships and Alternative Funding. The group was chosen because of its significant U.S. and international experience financing, developing and operating high-quality transportation facilities; its ability to fund the projects up front; its willingness to assume the financial risk for the timely construction and successful operation of the three projects; and for a proposed 30 percent reduction in costs if awarded all three projects. Macquarie Infrastructure Group—leader of the consortium—is a global leader in the study, design, engineering and operation of financially challenging highway projects.

Q. What transportation improvement projects are being studied under the Oregon Innovative Partnerships Program?

A. The Oregon Innovative Partnerships Program identified three significant transportation projects as possible public-private partnership projects. They are the Newberg-Dundee Bypass, the Sunrise Corridor and the I-205 South Corridor Improvements.

Q. When would work on these projects start?

A. The Oregon Department of Transportation and Oregon Transportation Improvement Group are currently evaluating the financial and technical feasibility of building the projects as a public-private partnership, and no decisions have yet been made about when, or even whether they might be built. If the projects prove to be viable and the partners decide to proceed, construction would start many years ahead of when it would otherwise if the normal funding process was used.

Q. Why were these three projects selected for the Oregon Department of Transportation's first public-private partnership?

A. The three projects were selected because they have shown the most potential to significantly relieve traffic congestion in the communities where they would be built, and because there is currently no way to fund their construction.





- The 11-mile Newberg-Dundee Bypass is located on the south side of Newberg and Dundee. The Bypass will provide relief for 99W, where traffic is expected to increase from approximately 35,000 vehicle trips a day to as many as 56,000 over the next 20 years. It would also alleviate rapidly increasing truck and commuter congestion on 99W through Newberg, Dundee and west to Dayton. The project is currently estimated to cost from \$325 to \$425 million, depending on the final design. More information about the project may be found at www.newbergdundeebypass.org.
- The Sunrise Corridor. The Sunrise Corridor is a proposed new highway corridor that would provide a direct connection between I-205 and US Highway 26 in Clackamas County. Two separate sections of the proposed corridor have been discussed over the years and are currently in different phases of planning.
 - The Sunrise Project**—A new six-lane, limited-access highway stretching five miles along the OR 212/224 Corridor between I-205 and Rock Creek Junction. The purpose of this project is to address the traffic congestion and safety problems in the Corridor. The Corridor currently carries more than 60,000 vehicles per day; trucks generate more than 12 percent of this traffic. The Sunrise Project is currently the subject of a Supplemental Draft Environmental Impact Statement (SDEIS) that will be completed in late 2007. At this point in time and depending on the final design, the project is estimated at approximately \$585 million. More information about the project may be found at: www.deainc.com/sunrise/background.html.
 - Sunrise Parkway**—Development of a new four-lane, limited-access parkway stretching eight miles further east along Highway 212 Corridor, from Rock Creek Junction to US Highway 26, to serve the newly incorporated City of Damascus, as well as route regional through traffic outside the Damascus Town Center. The project was examined in conjunction with the recently completed Damascus/Boring Concept Plan. The Sunrise Parkway would likely require preparation of an Environmental Impact Statement within the next few years. The project also would serve traffic from future development in Damascus, as well as the growing need in the area for access to the State highway system. The design currently being investigated would cost in the neighborhood of \$600 million. The Damascus/Boring Concept Plan findings and recommendations may be found at: www.co.clackamas.or.us/dtd/lngplan/damascus/.
- The I-205 Corridor—The I-205 Corridor is a 25.5-mile-long, north-south freight and commuter route in the Portland metropolitan region. In its current configuration, the transition from six lanes to four lanes at the Willamette River crossing in the south portion of the Corridor (I-5 to the Willamette River) contributes to significant traffic congestion. Development over the past decade, particularly in the south metropolitan area, has increased traffic volume throughout the Corridor. Traffic volumes in the I-205 Corridor range from 80,000 to 157,000 vehicles per day.

A study is underway to identify needs and potential innovative solutions in the I-205 Corridor. One improvement underway is the addition of one lane in each direction from I-5 to the Stafford Interchange. Future improvements may include adding additional capacity between I-5 and OR 213S, and widening the Abernethy Bridge over the Willamette River. Major interchanges with current operational problems may also be included as part of a project for I-205. Studies are also being conducted on the feasibility of lane additions on I-205 from OR 213S north to I-84. Total cost of all these potential improvements is estimated at more than \$780 million. If selected for further study, the individual projects will undergo environmental impact studies.

Q. Is the charging of tolls being considered for these projects?

A. Yes. Toll revenue is the largest source of potential funding for these projects and is likely to have greater public acceptance than increases in property or gas taxes. It is also a more certain source of funding than federal or State money. Tolling has been successfully



and widely used to finance the construction, operation and maintenance of roads and bridges where available public transportation funds are insufficient. That said, it is important to note that no option has been precluded from further study at this stage.

Q. If these projects are constructed, will Oregon firms share in the work?

A. These projects will be open to all qualified bidders, just like any other ODOT transportation project. Oregon Transportation Improvement Group will function as a developer of any projects that are built, not as the constructor. Instead, working with ODOT, Oregon Transportation Improvement Group would request proposals for design and construction of any projects that might be built under the program, thereby opening up millions of dollars in project work for construction, grading, paving and landscaping companies, among other trades, along with hundreds of well-paying construction jobs.

Q. How much is ODOT paying Oregon Transportation Improvement Group?

A. Oregon Transportation Improvement Group has agreed to bear the cost of conducting the pre-development studies, and it was their willingness to do so that was a key point in their proposal. ODOT has set aside an amount not to exceed \$20 million for possible reimbursement for the cost of conducting the pre-development studies if ODOT or Oregon Transportation Improvement Group decides not to proceed with any of the projects.

None of the \$20 million will be reimbursed if the projects move successfully into implementation. The total pre-development costs for the three individual projects are estimated at over \$26.5 million, but ODOT's risk is capped at \$20 million.

Q. How will the toll amount be determined? Will Oregon Transportation Improvement Group be able to raise tolls?

A. The toll amount will be determined based on the total cost of the project and the length of time it will take to pay back Oregon Transportation Improvement Group for its investment, plus a fair return on its investment. The State will determine the percentage of profit allowed; toll rates will be regulated by a predetermined structure in the contract and are typically tied to the rate of inflation.

Q. How long will the tolls remain on the highways?

A. The length of time will be determined based on the project's overall cost, including operation and maintenance of the facility, and the preapproved rate of return on Oregon Transportation Improvement Group's investment. The State will need to decide, at the end of the concession period, whether to remove the tolls completely, or reduce them and use the funds for maintenance and operation of the facility.

Q. Will Oregon Transportation Improvement Group make a profit on this work?

A. Yes. This is the "private" part of public-private partnerships. Oregon Transportation Improvement Group invests its money and assumes all the risk that the project will be successful, in anticipation of an eventual return on its investment. Toll facilities are long-term investments; sometimes a profit isn't realized for many years. The risk that the facility will eventually be profitable is Oregon Transportation Improvement Group's; the Oregon taxpayer assumes no risk at all.

For more information:

Visit the Oregon Innovative Partnerships Web site at www.oregon.gov/ODOT/HWY/OIPP

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