



OTIG

Oregon Transportation
Improvement Group

Sunrise PAC Meeting

Sunrise Corridor Project Summary

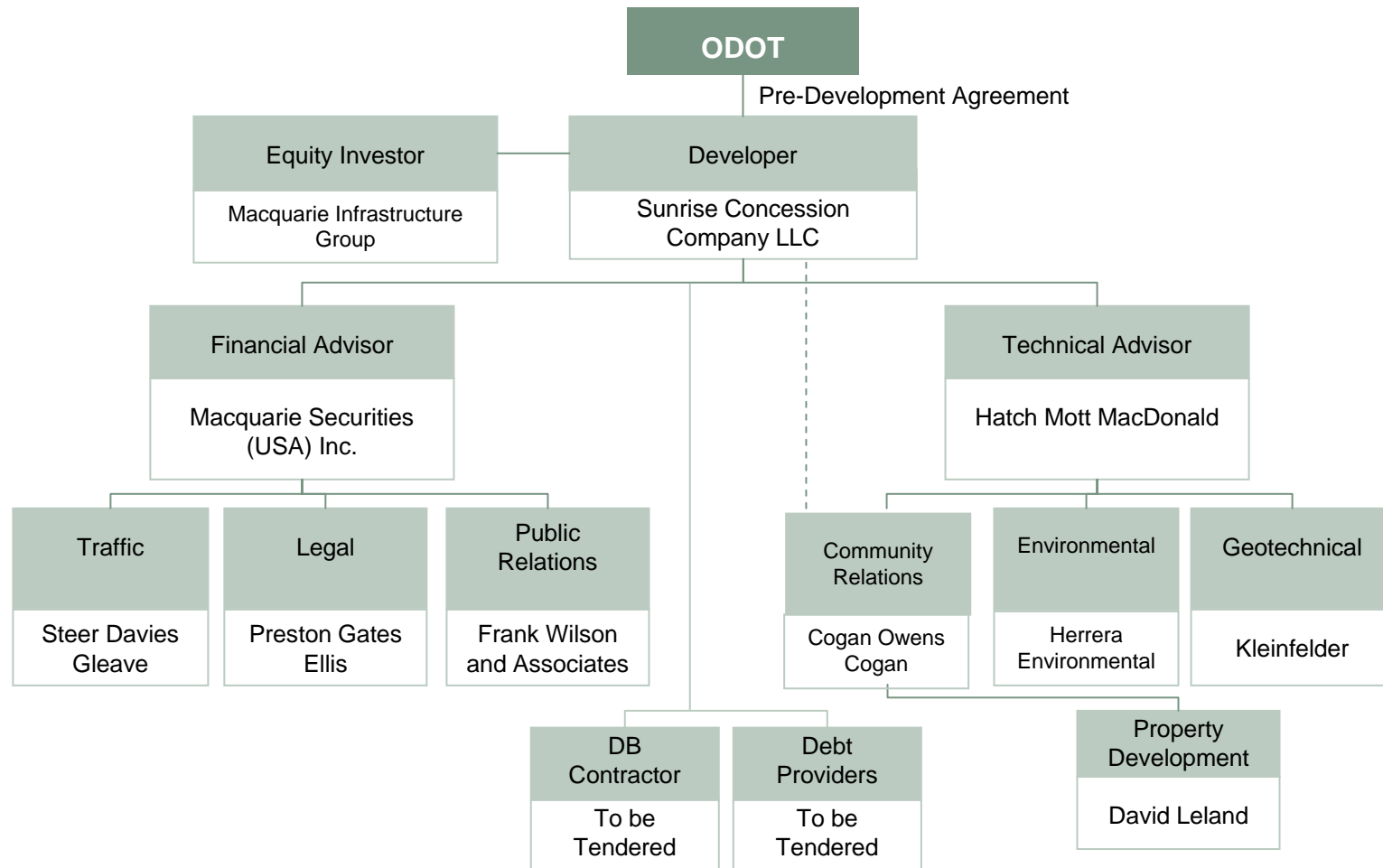


June 12, 2006

SUNRISE: Location Map



SUNRISE: Team Overview



SUNRISE: Approach

- **Public Private Partnerships:** A private sector partner develops public infrastructure in accordance with a concession agreement with the public partner.
- **Early Partnering Approach:** Selected by ODOT, advantage is that private sector expertise can be brought into the project at a much earlier stage, limiting the risks of unmatched project needs.
- **Synergies:** ODOT will be realizing a 30% discount based on the synergies of having OTIG working on more than one project.
- **Milestones:** The Project will proceed in stages of Milestones. At the end of Milestone Three, ODOT and OTIG will reach Financial Close and execute the Implementation Agreement.
- **Progress:** Work in Milestone Zero (Scoping Study Phase) has substantially been agreed upon. At the end of each Milestone, the parties will arrive at a set of “working assumptions” for moving to the next Milestone. This process of moving forward will insure enough flexibility to maintain efficiency during the process.



SUNRISE: Project Scope

Milestone Zero (Scoping Phase): CURRENT PHASE

- Objective is to provide a basis for agreement between ODOT on key development parameters for the Project, namely the schedule and budget for further stages of the Pre-Development Phase.
- Will include an assessment of project feasibility in terms of conceptual engineering, traffic and revenue projections, and public education.
- The primary deliverable during Milestone Zero is a draft Scoping Study addressing: the above and a memorandum on proposed network definition, definition of alternatives, objectives, methodology and other assumptions.

Milestone One:

- Milestone One (Commercial and Financial Viability Assessment) will establish the commercial and financial viability of the project in greater detail based on agreed upon costs and revenue parameters.
- A preliminary conceptual cost estimate will take place and will examine a refined list of alternatives.
- The primary deliverables will be a preliminary development plan, a preliminary financing plan, and a preliminary implementation plan.
- As Milestone One nears completion, we will jointly work with ODOT to develop Milestone Two deliverables and work parameters.

SUNRISE: Project Scope

Milestone Two:

- Milestone Two (Implementation Development) will include the development of the Implementation Agreement and the procurement approach for the Design-Build and financing elements of the Project.
- Deliverables will include:
 - Draft Implementation Development
 - An Investment Grade and Traffic Revenue Study
 - Financial Plan Analysis

Milestone Three:

- Milestone Three (Closing) will include the Implementation Agreement negotiations, the Design-Build and Operations procurement and implementing the Financing Plan.
- The timing of Milestone III will to some extent depend on major regulatory approvals, such as receiving the Record of Decision on the NEPA process.

I-205 / SUNRISE: Fees

Fee Structure:

- If the Project proceeds to Financial Close, there will be no fees paid by ODOT to OTIG. ODOT will pay for the scoping study fee on Sunrise.

Project	I - 205 Corridor		Sunrise	
	Technical Costs	Macquarie	Technical Costs	Macquarie
STAGE				
Milestone 0	\$ 500,000		<i>\$500,000</i>	
Milestone 1	\$ 1,568,500	\$1,055,000	\$ 1,568,500	\$1,055,000
Milestone 2	\$ 1,717,100	\$1,230,000	\$ 1,717,100	\$1,230,000
Milestone 3	\$ 2,264,400	\$1,665,000	\$ 2,264,400	\$1,665,000
TOTAL	\$ 6,050,000	\$3,950,000	\$ 6,050,000	\$3,950,000
Project Total	\$10,000,000		\$10,000,000	

- The table above represents the reimbursement caps to OTIG at each Milestone if the Project does not proceed further.
- Technical costs are described as budgeted out-of-pocket costs, and Macquarie costs are described as a project manager fee. Macquarie costs reflect a discounted fee. Project total pre-Macquarie discount is \$15,000,000 for each project.
- Italics denote known costs

TOLLING METHODOLOGIES

Direct Tolls

- Concessionaire collects tolls along the highway
- Amount of toll revenue dependent on per vehicle charges and traffic volumes

Shadow Tolls

- No direct toll collection
- Concessionaire compensated by State Authority (usually on a monthly or quarterly basis)
- Payment mechanisms include:
 - Availability charges
 - Traffic charges
 - Safety charges
 - Terminal payment

ELECTRONIC TOLLING



Route 895 Osborne Br

Electronic toll portal on Route 895 James River Bridge in Virginia ensures travelers a fast, non-stop trip.



A high-speed, non-stop electronic toll portal on SR 417 near Orlando, Florida.

Washington State's new Good To Go! electronic toll collection system for the Tacoma Narrows Bridge will combine non-stop electronic toll collection with a more traditional cash alternative for visitors and other travelers.



SHADOW TOLL STRUCTURE

- No direct payments are made by the users of the road
- Government payments are made directly to the Concessionaire
- Payments are supported by traditional tax receipts
- State authorities can adjust their risk profiles by adjusting the weight of each of the following payments:

FORM OF PAYMENTS

- **Availability:** Payment made to the Concessionaire for having the traffic lane(s) available for vehicle usage
- **Traffic:** Payment to the Concessionaire based on traffic bands. Depending on the estimated traffic volumes, a rate per vehicle will be paid to the Concessionaire
- **Safety:** Payment to the Concessionaire for maintaining the roadway to predetermined safety standards
- **Terminal:** Payment made to the Concessionaire at the end of the concession agreement, principally to ensure that handback requirements are met

SHADOW TOLLS: Industry Trends

Shadow tolls provide governments with an alternative if tolling is not “feasible”

- Allows Governments to obtain benefits of private sector involvement through:
 - Improved risk transfer and ability to manage around short term budgetary constraints
- Risk transfer is a key selling point within government
 - “Government can borrow cheaper than the private sector”
 - “Fixed price with thirty year warranty through PPP’s compared to 1 year with design-build” – Province of Alberta
- Key features for private sector proponents:
 - Limited revenue risk
 - Stringent risk allocation, requiring strong financial commitment from subcontractors
 - Highly leveraged capital structures required to be competitive (5 – 15% equity and 85 – 95% debt)
 - Debt service cover ratios of 1.10 to 1.20 times
 - Equity returns typically 10 – 14% p.a. Higher equity returns are required for comparable direct tolling projects