



**Oregon Department of Transportation**



# **The Oregon Innovative Partnerships Program**

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## **The 2003 Legislature's Goals for the Oregon Innovative Partnerships Program:**

- 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)
- Partners selected by Best Value or Qualifications instead of Lowest Bid
- Allows private partner entry into project's early stages
- Allows Solicited or Unsolicited Proposals
- Consistent with all local, regional and state transportation planning requirements
- No change in NEPA or land use planning



## 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's Procurement for Private Sector Pre-Development Work for Three Major Projects:

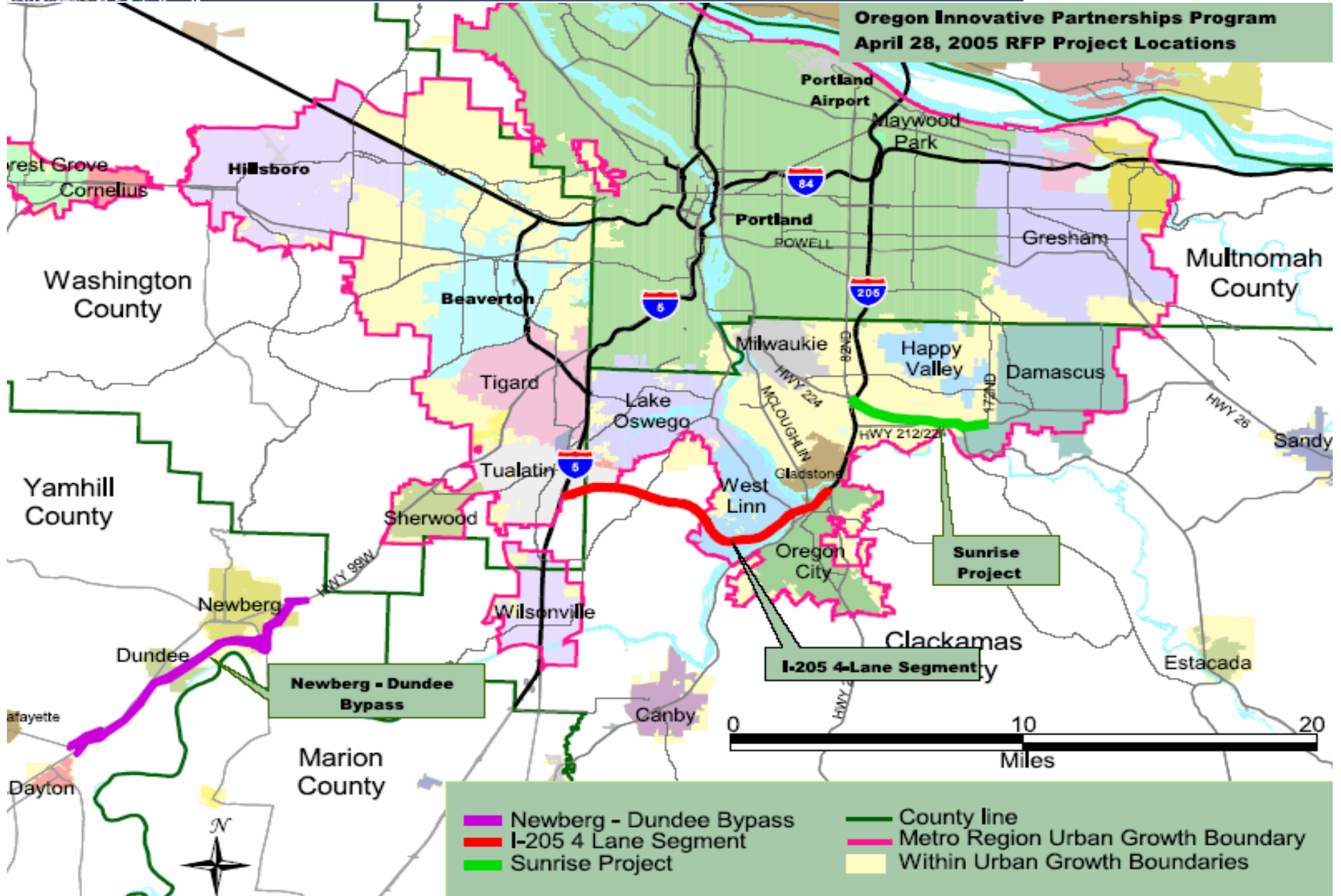
- **The Sunrise Project** - New limited-access facility in Clackamas County
- **South I-205 Corridor Improvements** – Added capacity in SE Portland
- **Newberg-Dundee Improvement Project** - Bypass of congested State Highway 99W in Yamhill County



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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



## Partnership Award for Three OIPP Projects

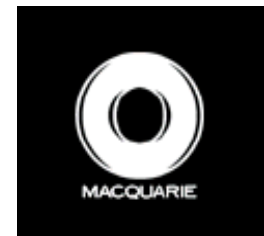
- Investment banker **Macquarie Infrastructure Group** partners with **Hatch Mott MacDonald**, a leading engineering consulting firm, creating the consortium **Oregon Transportation Improvement Group (OTIG)**.
- Other members of the consortium include firms with expertise in Traffic & Revenue Analysis, Environmental, Public Relations, Legal, etc.





## North American Experience of Macquarie Infrastructure Group

- **Sea-to-Sky**, Vancouver, Canada - 2005
- **Indiana Tollway**, Indiana – 2006
- **Dulles Greenway**, Virginia - 2005
- **Chicago Skyway** – 2004
- **SR 125**, San Diego - 2003
- **407 ETR** (Electronic Toll Road), Toronto – 2002





## Pre-Development Contracts Between ODOT and OTIG

### Sharing Risk Among the Parties

- Up-front investment of private capital for project development
- Cap on project development costs;
- OTIG assumes 100% of risk for project financing and facility operation under a multi-decade concession period.

**If Phase One successful, OTIG earns right to negotiate Implementation Agreement to build and operate facilities for period of years.**



## Key Features of the Pre-Development Agreements

### **Project Work Plans** - OTIG work defined by *Milestones*.

- **Milestone 0 – Scoping Study.** Assesses project feasibility in terms of conceptual engineering, traffic and revenue projections and public acceptance
- **Milestone 1 - Commercial and Financial Feasibility Assessment.** Establishes project commercial and financial viability based on cost and revenue parameters
- **Milestone 2 – Implementation Plan and D/B Procurement Approach.** Development of Implementation Agreement and procurement approach for the Design-Build contractor and project financing elements
- **Milestone 3 – Financial Close.** Negotiation of Implementation Agreement, procurement of Design-Build and Operations procurement and implementing Financing Plan

At end of each milestone, the parties assess benefits of moving forward versus termination of partnership.



## A Unique Opportunity for Oregon

- **Financial Strength.** ODOT attracts a financially strong private partner successful in public-private partnerships around the world.
- **New Revenue Sources.** OTIG will help ODOT explore new sources of revenue, such as electronic tolling, to build projects for which traditional highway funding sources are insufficient.
- **Private Capital.** OTIG advances own funds for the three projects subject to limited ODOT reimbursement at a discounted rate.
- **Joint Project Development.** OTIG and ODOT will jointly investigate these core projects, including the possibility of extensions, while managing the agreements over time to ensure total ODOT exposure remains within the OTC's \$20 million funding limit.



## **Role of Oregon Transportation Commission**

- Approves Contractual Arrangements with Private Partner
- Determines Whether Tolling Will Be Used as Financing Mechanism
- Determines State Tolling Implementation Policies, if any



## Investigation of Tolling for Oregon

- History of Tolling in Oregon
- Statutory Basis for Tolling in Oregon
  - Toll Bridge and Toll Road Statutes
  - Oregon Innovative Partnerships Program
  - Requirement to Consider Tolling for Modernization Projects
- Challenge of Building Large Highway Projects
- Potential Opportunity for Public-Private Partnerships to Bring New Revenues
- Public Consent Critical



## Tolling Policies

- OTC investigation of potential tolling policies for Oregon
  - All Electronic Toll Collection
  - Joint System with Washington
  - Toll Rate Setting
  - Pricing Strategies
- Nothing has been decided so far



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*Website for  
Oregon Innovative  
Partnerships Program*

More information available at:

**[www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml](http://www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml)**

