



Oregon Department of Transportation



Oregon Innovative Partnerships Program

***Presented to the
US PPP Innovative Infrastructure
Finance Forum***

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***James Whitty, Manager
Office of Innovative Partnerships
and Alternative Funding***





New Transportation Procurement Method

Authorizing Legislation passed in 2003 –

- Develop Partnerships with Private Entities and Units of Government;
- Expedite Transportation Project Delivery;
- Maximize Transportation Project Innovation
- Leverage Public Funding with Private Sources of Capital



Oregon Innovative Partnerships Program allows ODOT to Solicit Proposals or Accept Unsolicited Proposals

- **From Private Firms** (“Any ... legal entity or ...person ...”)
- **From Units of Government**
 - (“... any department or agency ... federal, ... state, ... city, county, district, commission, authority, entity, port or other public corporation ... and any intergovernmental entity ...”).
- **OIPP procurements outside processes of Oregon government procurement law of ORS Chapter 279**
 - Projects Selected by Best Value instead of Lowest Bid
 - Allows Entry of Private Partners at Conceptual Stages



OIPP Agreements

Under OIPP authority, ODOT may enter into agreements - if approved by Oregon Transportation Commission - relating to transportation projects the subject of which may include, but need not be limited to:

Planning

Acquisition

Financing

Development

Design

Construction

Reconstruction

Replacement

Improvement

Maintenance

Management

Repair

Leasing

Operation

Any Financing Mechanism (franchise & user fees)



OIPP Statutory Definition

“Transportation project” -- “any proposed or existing undertaking that facilitates any mode of transportation in this state.”

- Broad application authority could be applied to Roads, Bridges, Rail, Ports, Ancillary Facilities, Telecommunications, Transmissions . . .



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Current OIPP Solicited Procurement



OIPP's Two Phase Procurement

1. Pre-Development Agreement. Private partner performs valuable work tasks to develop project

- *If phase one successful, partner earns right to negotiate*

2. Implementation Agreement. Construction of new facility.



Selection of Partner

- Criteria for Selection
 - Project Understanding
 - Qualifications
 - Approach to Attain Public Acceptance
 - Proposed Compensation Arrangement
- Involvement of Local Officials
 - Local Consultation
 - Interview Process



Where We Are

ODOT signed contracts with the Oregon Transportation Improvement Group (OTIG), a Macquarie-led consortium for pre-development work.

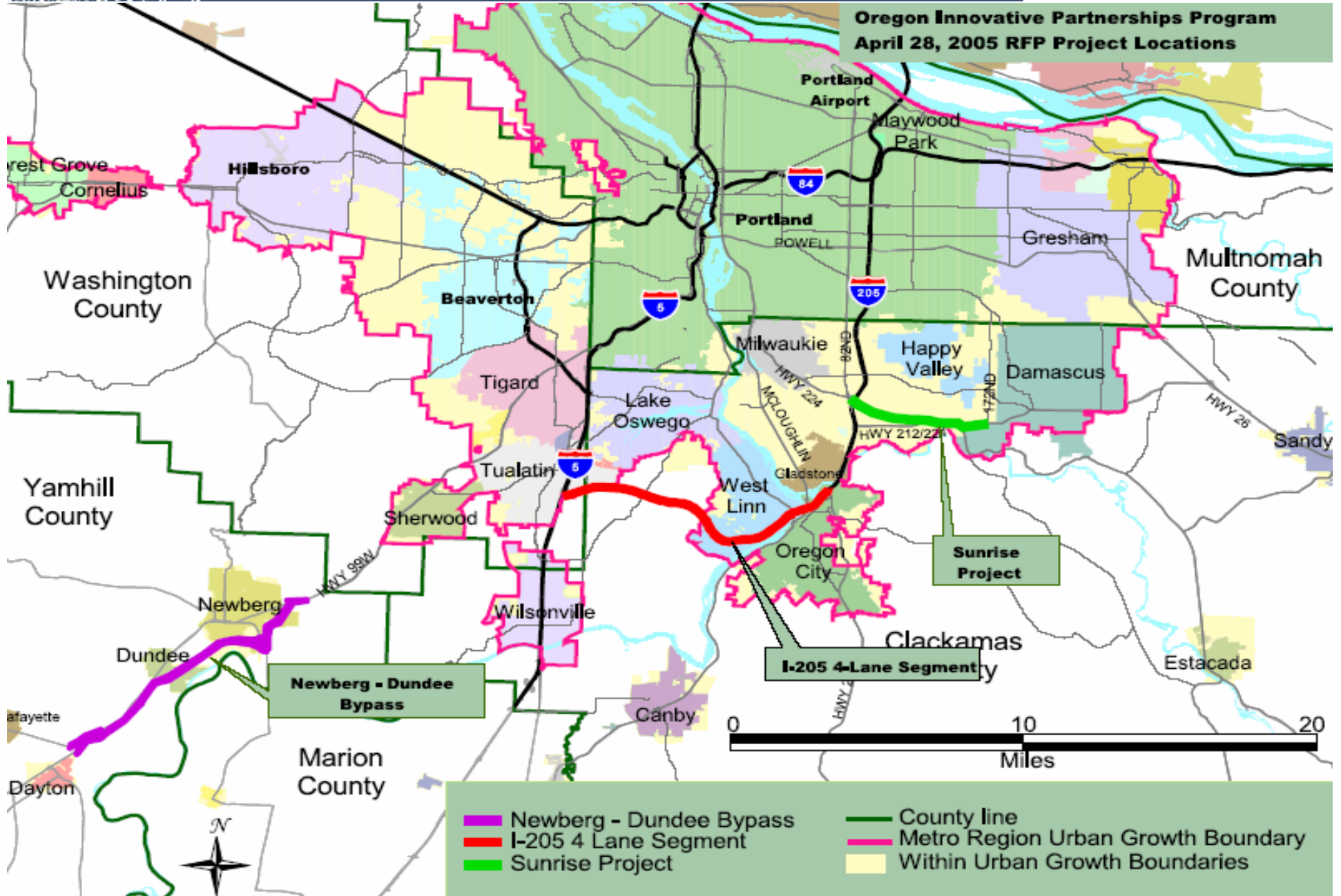
- 1. The Sunrise Corridor** - New limited-access 4-lane facility
- 2. South I-205 Corridor Improvements** – Possible tolled expressway in SE Portland
- 3. Newberg-Dundee** - Bypass of congested state highway



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



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



OTIG (Macquarie) Contracts – Pre-Development

- **Project Work Plans.** OTIG performs work tasks valuable to the Project
 - Milestone 1 – Scoping Phase
 - Milestone 2 – Commercial and Financial Viability
 - Milestone 3 – Procurement Approach
 - Milestone 4 – Tender and Contract Execution



OTIG (Macquarie) Contracts - Advantages to State

- **Shared Risk**

- Investment of Private Capital for Project Development
- Private Design-Build Procurement
- Private Assumption of Operation Risk for 30+ year Concession

- **Improves Financing Possibilities**

- Project Refinancing
- Private Equity Reduce Financing Coverage Requirements



Future Concession and Financing Opportunities

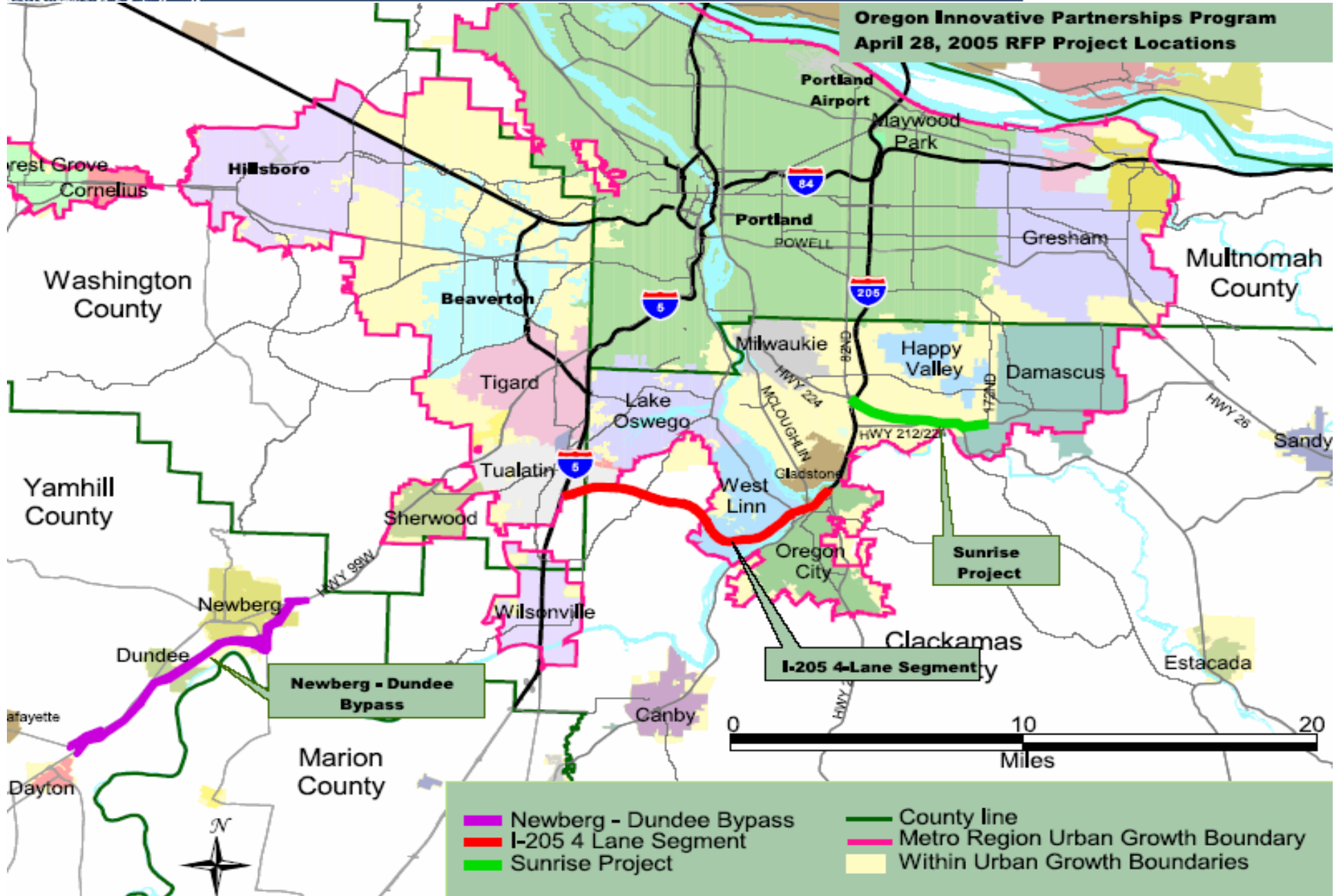
- **Highway Pre-Development and Implementation**
 - Highway 217
 - Interstate 5/Highway 99 Connector (Tualatin and Sherwood)
- **Bridges**
 - Columbia River Crossing at Interstate 5
 - Third Willamette River Bridge in Salem



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Lessons from Negotiating with Macquarie

... So Far



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*Website for Oregon Innovative
Partnerships Program*

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

