



Oregon Department of Transportation



Leveraging the Value of Toll Road PPPs

Presented to

Toll Roads 2007

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Oregon Innovative Partnerships Program (OIPP)

An innovative transportation procurement method created by the 2003 Legislature to:

- **Develop Partnerships with Private Entities and Units of Government**
- **Expedite Transportation Project Delivery**
- **Maximize Entrepreneurship and Innovation in Project Development**
- **Leverage Public Financing with Private Sources of Capital**



The OIPP law defines:

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

Very broad legal authority could apply to Roads, Bridges, Rail, Ports, Ancillary Facilities, Telecommunications, etc.



Program Allows ODOT to Receive Both Solicited and Unsolicited Proposals

- Proposals can be initiated by Private Firms and/or Units of Government
- Allows Procurements outside the normal processes of Oregon procurement law
- Allows Entry of Private Partners at the Earliest Conceptual Stages of the Project
- Projects Can be Selected by Best Value or Qualifications instead of Lowest Cost Requirement



What Oregon Seeks via Public Private Ventures

- **Augmentation of traditional state resources**
- **Expedited and entrepreneurial approaches to project development**
 - Creative tension
- **Access to development capital**
 - “Money at Risk”
- **Financing expertise**
 - Focus on financial close
- **Joint project development**



ODOT's Choice: PDA RFP Approach

- **Solicited Proposals** – Controlling project selection
- **Two stage, Triple Project Procurement** – Investment of private capital and expertise into development to ensure private partner commitment
- **Wide Open Proposal Opportunity** – Attracting innovation into project development and financing
- **Project Extensions** – Creating most viable project



ODOT Signed Pre-Development Agreements
with *Oregon Transportation Improvement Group*, a
Macquarie-led Consortium, for Three Major Projects

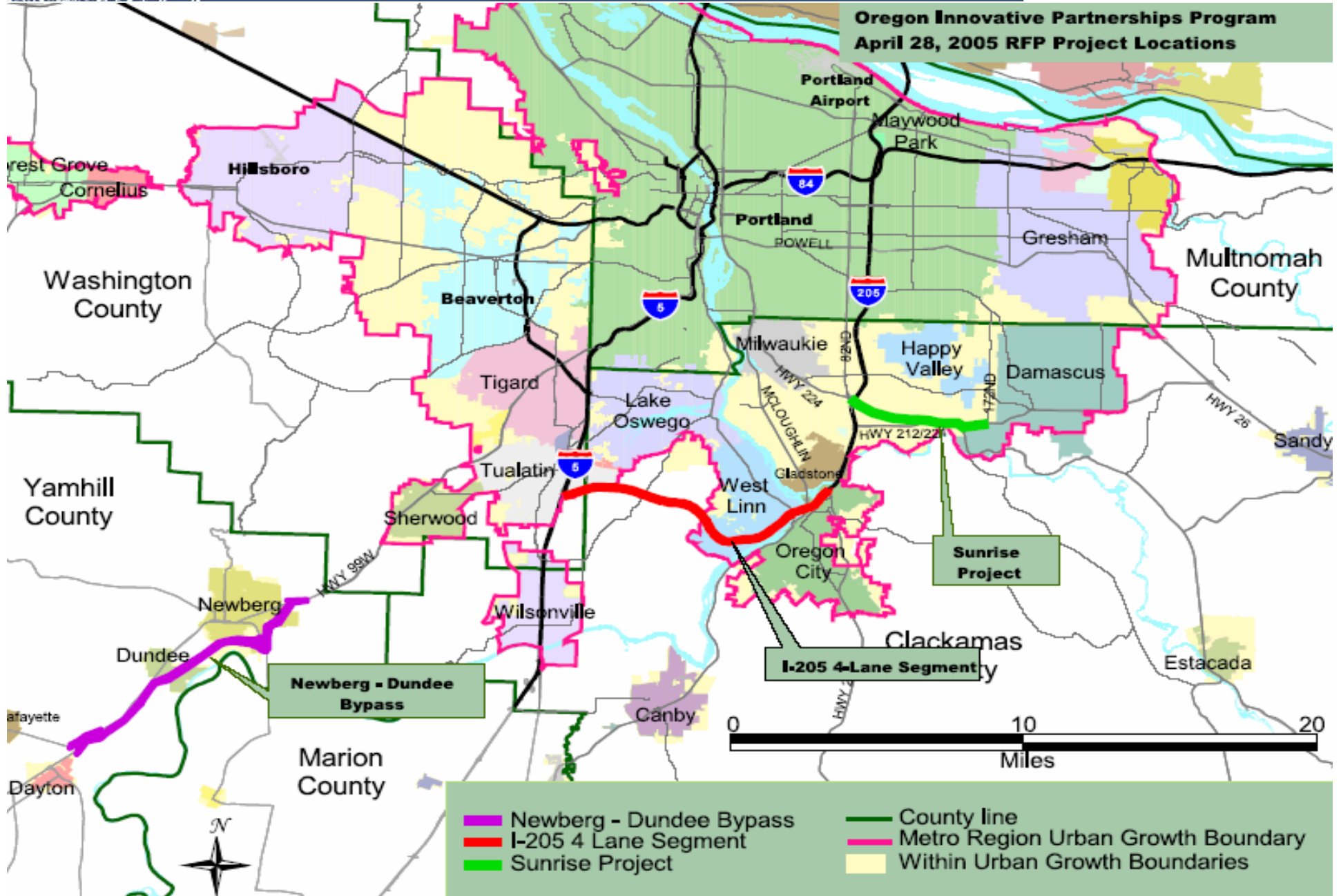
- **Newberg-Dundee Improvement Project** - Bypass of congested State Highway 99W in Yamhill County
- **South I-205 Corridor Improvements** - Possible tolled expressway in SE Portland
- **The Sunrise Project** - New limited-access 4-lane facility in Clackamas Co., serving the newly incorporated City of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



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





Advantages to ODOT of PDA Approach

Sharing Risk Among the Parties

- Up-front investment of private capital for project development
- Exposure cap on costs
- OTIG 100% at-risk for project financing, construction and facility operation/maintenance

Collaborative Working Groups

- Active interaction between ODOT staff & OTIG
- Greater public acceptance

Off Ramp Opportunities for Exiting Arrangement

- Provides political cover
- Allows exploration of less obvious project candidates



OIPP Procurement Barriers - Internal

- **Internal Barriers**
 - Traditionalists
 - Fear of Tolling and PPPs
 - Leader Hesitancy
- **Negotiating Internal Barriers**
 - Project selection criteria
 - Project screening process
 - RFP development
 - Involvement of Leadership



OIPP Procurement Barriers - External

- **External Barriers**

- Local Government Resistance
- Public Resistance
- Political Opposition

- **Negotiating External Barriers**

- Involvement of Local Leaders
 - Pre-proposal meeting
 - Consultation on proposals
 - Participation in proposer interviews
 - Observation and briefings during PDA Negotiations
 - Participation on Project Working Groups
 - Twice monthly briefings
- Insertion of Tolling Message Early



Effective Communications As Critical Path

- **Communication as a Two Way Effort**
 - Local Officials Integrated into ODOT processes
 - Regular Contact
- **Project Specific vs “The Funding Problem”**
 - Financing Discussion Integrated into Environmental Processes
 - “Where is the Money?”
- **Direct Engagement**
 - Surveys and Focus Groups
 - Targeted Mailings and Web Surveys
 - Media Communication
 - Report Releases



Determining Best Financing Approach

Finding best path forward

- Analyze Private Partner's Financing Approach and Verify Data
- Preparation of Alternative Private Comparator
- Preparation of Public Comparator



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*Website for Oregon Innovative
Partnerships Program*

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

