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Funding issues preclude public-private Newberg-Dundee tolling agreement

ODOT and Oregon Transportation Improvement Group (OTIG) end their agreement to examine tolling options for a bypass

SALEM - The Oregon Department of Transportation and OTIG have agreed to cease pursuing public-private development of a Newberg-Dundee tolled bypass after an independent analysis by Bear, Stearns & Co. confirmed that the plan to charge a toll on the bypass alone would not produce sufficient revenue to finance the planned project under the public-private concession agreement.

Both OTIG and Bear, Stearns agreed that significant reductions in the overall scope of the project would be necessary if ODOT were to move forward with plans for a bypass to relieve congestion in the Newberg-Dundee area.

“For years we have been seeking a solution to the traffic congestion plaguing Newberg and Dundee. The difficulty we face is finding the necessary funding to provide a safe, reliable, long-term solution,” said Jim Whitty, manager of ODOT’s Innovative Partnerships Program. “In 2006, we asked OTIG to research a variety of public/private funding options. We asked Bear, Stearns to review those findings, and it is clear there is no easy funding solution to this difficult problem.”

The OTIG Milestone One Report investigated whether the Newberg-Dundee Bypass project would be financially feasible if developed and operated through a combination of private and public financing and examined tolling as the primary source of funding. Various tolling options were considered, including the suggestion of tolling Oregon 99W, although this presented significant public acceptance challenges.

While Bear, Stearns’ report supported many of OTIG’s findings, it also suggested that a public sector model be considered, as the cost of financing could be lower in certain circumstances.

However, the total project cost, for which estimates approach \$500 million, is beyond what any of the funding mechanisms, public or private, can support at this time.

“The revenue picture provided by OTIG and confirmed by Bear, Stearns requires a fresh look at the size of the project,” said Jeff Scheick, ODOT’s Region 2 Manager. “At the appropriate time, we will work with stakeholders to define an affordable project that works for the state and residents of Yamhill County.”

The Newberg-Dundee Bypass is approximately 11 miles long and lies along the south sides of Newberg and Dundee. The Bypass would provide an alternative route to heavily congested Oregon 99W.

##ODOT##