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9-15-2005

## Meeting Notes 2005-09-15

Joint Policy Advisory Committee on Transportation

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**METRO**

TEL 503-797-1916 FAX 503-797-1930

**MEETING: JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION**

**DATE: September 15, 2005**

**TIME: 7:30 A.M.**

**PLACE: Council Chambers, Metro Regional Center**

<b>7:30</b>	<b>CALL TO ORDER AND DECLARATION OF A QUORUM</b>	Rex Burkholder, Chair
<b>7:30</b>	<b>INTRODUCTIONS</b>	Rex Burkholder, Chair
<b>7:55</b>	<b>CITIZEN COMMUNICATIONS</b>	
<b>7:55</b>	<b>COMMENTS FROM THE CHAIR</b>	Rex Burkholder, Chair
<b>8:00</b>	<b>CONSENT AGENDA</b>	Rex Burkholder, Chair
	* Consideration of JPACT Minutes for July 14, 2005 and August 11, 2005	
<b>8:05</b>	<b>DISCUSSION ITEMS</b>	
	* Resolution No. 05-3616, for the purpose of updating the work program for corridor refinement planning through 2020 – <u>JPACT APPROVAL REQUESTED</u>	Bridget Wiegart (Metro)
	* Oregon Innovative Partnerships Program (OIPP)– <u>INFORMATION/ DISCUSSION</u>	Jim Whitty (ODOT) Andy Cotugno (Metro)
	* RTP Expanded Updates – <u>DISCUSSION</u>	Tom Kloster (Metro)
	* JPACT Membership	
	▪ Member Handbook – <u>INFORMATION</u>	All
	▪ Membership Review - <u>DISCUSSION</u>	Tom Kloster (Metro)
	* Work Plans – <u>INFORMATION/ DISCUSSION</u>	
	▪ JPACT Finance Committee	Richard Brandman (Metro)
	▪ JPACT	Andy Cotugno (Metro)
<b>8:55</b>	<b>OTHER COMMITTEE BUSINESS</b>	Rex Burkholder, Chair
<b>9:00</b>	<b>ADJOURN</b>	Rex Burkholder, Chair

\* Material available electronically.  
 \*\* Material to be emailed at a later date.  
 # Material provided at meeting.  
 All material will be available at the meeting.

Please call 503-797-1916 for a paper copy



**METRO**

**JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION**

**July 14, 2005**

**MEMBERS PRESENT**

Rex Burkholder, Chair  
Rod Park, Vice Chair  
Brian Newman  
Lynn Peterson  
Rob Drake  
Matthew Garrett  
Roy Rogers  
Paul Thalhofer  
Dick Pedersen  
Fred Hansen

**AFFILIATION**

Metro Council  
Metro Council  
Metro Council  
City of Lake Oswego, representing Cities of Clackamas County  
City of Beaverton, representing Cities of Washington County  
Oregon Department of Transportation (ODOT - Region 1)  
Washington County  
City of Troutdale, representing Cities of Multnomah County  
Oregon Department of Environmental Quality (DEQ)  
TriMet

**MEMBERS ABSENT**

Sam Adams  
Bill Wyatt  
Stephanie Hallock  
Bill Kennemer  
Royce Pollard  
Maria Rojo de Steffey  
Don Wagner

**AFFILIATION**

City of Portland  
Port of Portland  
Oregon Department of Environmental Quality (DEQ)  
Clackamas County  
City of Vancouver  
Multnomah County  
Washington State Department of Transportation (WSDOT)

**ALTERNATES PRESENT**

Susie Lahsene  
Martha Schrader

**AFFILIATION**

Port of Portland  
Clackamas County

**GUESTS PRESENT**

Jim Bernard  
Scott Bricker  
Roland Chlapowski  
Olivia Clark  
Danielle Cowan  
Jef Dalin  
Rob DeGraff

**AFFILIATION**

City of Milwaukie  
Bicycle Transportation Alliance  
City of Portland  
TriMet  
City of Wilsonville  
City of Cornelius  
CRC

<u>GUESTS PRESENT</u> (cont)	<u>AFFILIATION</u>
Mark Garrity	Parsons Brinckerhoff Quade & Douglas Inc.
Nancy Krushaar	City of Oregon City
Jay Lyman	David Evans and Associates
Tom Markgraf	CRC
Sharon Nasset	ETA
Dave Nordberg	Oregon Department of Environmental Quality (DEQ)
Ron Papsdorf	City of Gresham
Karen Schilling	Multnomah County
John Rist	Clackamas County
Phil Selinger	TriMet
Kris Strickler	CRC
Ron Swaren	Sellwood-Moreland Improvement League
Laurel Wentworth	City of Portland
John Wiebke	City of Hillsboro

STAFF

Scott Adams (Intern)	Richard Brandman	Andy Cotugno	Karen Kane
Tom Kloster	Ted Leybold	Jessica Martin	Robin McArthur
Amelia Porterfield	Kathryn Schutte	Mark Turpel	Randy Tucker
Bridget Wieghart			

I. CALL TO ORDER, DECLARATION OF A QUORUM, INTRODUCTIONS AND WELCOME OF NEW MEMBERS

Chair Rex Burkholder called the meeting to order and declared a quorum at 7:38 a.m.

Chair Burkholder welcomed and introduced new JPACT member representing the Cities of Multnomah County, Mayor Paul Thalhoffer and noted that Mayor Charles Becker would serve as his alternate.

II. CITIZEN COMMUNICATIONS TO JPACT ON NON-AGENDA ITEMS

Mayor Jim Bernard, 10722 SE Main Street, Milwaukie, appeared before the committee to ask for support in activating the South Corridor committee and his desire to hear support from the Portland City Council for a light rail station on the corner of Tacoma and McLoughlin, currently the site of a proposed Wal-Mart. Chair Burkholder requested that this topic of discussion be added to the next JPACT agenda.

Ms. Sharon Nasset, 4772 N Lombard, Portland, appeared before the committee to speak in favor of the North Willamette Crossing Corridor study, mentioned specifically in the Corridor Initiatives Update handout (included as part of this meeting record) provided by Ms. Bridget Wieghart.

Mr. Ron Swaren, 1543 SE Umatilla, Portland, appeared before the committee to speak in favor of having lightrail or streetcar located at the corner of Tacoma and McLoughlin, currently the site of a proposed Wal-Mart.

### III. UPDATES

#### **End of Session Report**

Mr. Randy Tucker appeared before the committee and reported on SB 71 ("Connect Oregon"), which was worked on Friday by the House State and Federal Affairs Committee. The committee made several changes to the version passed by the Senate, all of which are bad. The amendments have three main effects: (a) public transit is eliminated as an eligible recipient of funding; (b) the basis for regional allocation of funds is changed from congressional districts to regions closely approximating the ODOT regions; and (c) a pre-emption against the Port of Portland's construction of an intermodal transportation facility in Troutdale until 2014. The bill has been sent to the House Budget Committee, where it awaits action.

Mr. Tucker also stated that the Governor had signed HB 3415, which reallocates any leftover OTIA bridge money.

#### **TEA-21 Reauthorization Update**

Ms Olivia Clark appeared before the committee and provided an update on the TEA-21 Reauthorization. US House and Senate conferees are expected to begin working on the TEA-21 when they return to Washington July 12<sup>th</sup> after their week-long recess. Before leaving for their July 4<sup>th</sup> break, conferees reached tentative agreement on an overall framework and funding level for the reauthorization bill, HR 3 - \$286.4 billion over six years, with \$52.6 billion for transit. Conferees are facing a July 19<sup>th</sup> deadline to complete their work before the eighth temporary extension of TEA-21 expires. In the days leading up to the recess, conferees struggled over a number of highway-related issues, including the portion of highway funding included in the "minimum allocation" (the percentage of gas taxes returned to the state that they are collected); the amount for highway earmarks in the bill versus the amount for earmarks in the appropriations process; and the split between House and Senate highway earmarks. The federal surface transportation program has been operating under a series of short-term extensions since the original law expired September 30, 2003.

### IV. CONSENT AGENDA

#### **Minutes**

ACTION TAKEN: Councilor Rod Park moved and Mayor Rob Drake seconded the motion to approve the meeting minutes for June 9<sup>th</sup> meeting. Hearing no objections, the motion unanimously passed.

### V. DISCUSSION ITEMS

#### **2040 Modal Targets Project – Final Recommendations INFORMATION**

Mr. Matt Hastie, with Cogan Owens Cogan, appeared before the committee and presented the final Metro 2040 Modal Targets Project report (included as part of this meeting record). Mr. Hastie distributed handouts on and briefly summarized the following:

- Project Objectives & Tasks
- Summary Observations and Conclusions of Research
- Recommended Minimum RTP Requirements
- Additional Optional Strategies
- Processes for Measuring Success
- Recommended Procedures to Monitor Compliance
- Recommended Amendments for Consideration in the Upcoming RTP Update Process
- Next Steps

### **Proposed Revisions to Oregon Transportation Planning Rule**

Mr. Tom Kloster appeared before the committee to report on recent transportation planning rule amendments. On March 15<sup>th</sup>, the Oregon Land Conservation and Development Commission (LCDC) adopted broad version to the state Transportation Planning Rule (TPR). This round of amendments focused on critical issues raised by the recent Jaqua vs. City of Springfield case that threatened current planning practices for balancing transportation and land use plans. While the LCDC response to the Jaqua case began as “fine tuning” amendments to the TPR, sweeping new provisions were introduced shortly before the draft rule was released for public view on January 3, 2005.

The amended TPR reaffirms the existing practice of evaluating land use and transportation plan amendments for the effects in the horizon year of adopted 20-year plans in response to the Jaqua decision. However, the amended rule also applies a special test for transportation system adequacy along certain interstate highway corridors. Known as the “1/2 mile rule”, this provision represents a major shift in policy that Metro believes unacceptable because of the effects on the region’s ability to implement the 2040 Growth Concept in these corridors. The ½ mile rule requires plan amendments within a half-mile radius of interchanges on I-5, I-205, I-405 and I-84 to be evaluated according to the Regional Transportation Plan (RTP) “financially constrained” system, a set of improvements that represents just over one-third of the needed projects in the region.

Due to the complexity and timing of the issue, TPAC held a special workshop on July 11<sup>th</sup> to further discuss the issue in depth.

Mr. Kloster presented a draft letter addressed to Mr. John VanLandingham, Chair of the Land Conservation and Development Commission (LCDC) outlining Metro’s position on the ½ mile rule along with a handout highlighting proposed amendments to the TPR (both included as part of this meeting record).

The committee agreed that the letter should be amended to reflect their view that some of the new provisions are a substantial change to the TPR, going beyond the needed remedy to the Jaqua case, and shifts the purpose of the rule away from the intent of Goal 12 Transportation. The committee also agreed the letter should also ask for more opportunities for stakeholders to participate, and that the Commission reopen the discussion of the ½ mile rule. Chair Burkholder noted a consensus of the issue on the approach of the letter.

### **STIP Update Comments**

Mr. Ted Leybold presented a draft comment letter on the project eligibility criteria and prioritization factors for the 2008-11 State Transportation Improvement Program (STIP) (included as part of this meeting record).

### **ODOT's Workforce Diversity Plan – Information**

Kate Deane appeared before the committee and provided an overview ODOT's Workforce Development Plan (included as part of this meeting record).

### **Next Priority Discussion – Information**

Mr. Richard Brandman and Ms. Bridget Wiegart appeared before the committee to report on the progress of a subgroup of TPAC. The subgroup has been reviewing the status of the corridor refinement planning work program that was adopted as an amendment to the 2000 RTP. The subgroup has been discussing potential updates to the work program to reflect work that has been completed in the first planning period and identify priorities in the second planning period. Mr. Brandman distributed a corridor initiatives update handout illustrating the work program for corridor refinement planning through 2020 and a summary of the findings of the corridor initiative evaluation that was prepared in 2001 (both included as part of this meeting record). Ms. Wiegart noted that after obtaining feedback from JPACT and the Metro Council on the overall approach, a more detailed work program would be developed and presented for approval at the September JPACT meeting.

### **VI. OTHER COMMITTEE BUSINESS**

Chair Burkholder announced that the JPACT Finance committee meetings in July and August are cancelled. The next JPACT Finance committee meeting will be on September 22<sup>nd</sup>. While JPACT typically meets on the second Thursday of each month, he reminded the committee that the meeting in September would occur on the third Thursday, September 15<sup>th</sup>.

Chair Burkholder noted that at the Thursday, August 11<sup>th</sup> JPACT meeting, the 2006-2009 final MTIP and air quality conformity determination would be up for adoption and as such their attendance at the meeting would be essential.

### **VII. ADJOURN**

There being no further business, Chair Rex Burkholder adjourned the meeting at 9:15 a.m.

Respectfully submitted,

Jessica Martin  
Recording Secretary

An additional resolve suggested by Mayor Becker and supported by MPAC:

7. That Corridor Planning has important land use and transportation implications. Therefore, the Metro Policy Advisory Committee (MPAC) and the Joint Policy Advisory Committee and their respective staff shall work together to coordinate the development of the studies to ensure achievement of regional and local land use and transportation objectives.





**METRO**

**JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION**

**August 11, 2005**

**Metro Regional Center – Council Chambers**

**MEMBERS PRESENT**

**AFFILIATION**

Rex Burkholder, Chair	Metro Council
Rod Park, Vice Chair	Metro Council
Brian Newman	Metro Council
Royce Pollard	City of Vancouver
Lynn Peterson	City of Lake Oswego, representing Cities of Clackamas County
Paul Thalhofer	City of Troutdale, representing Cities of Multnomah County
Bill Kennemer	Clackamas County
Rob Drake	City of Beaverton, representing Cities of Washington County
Matthew Garrett	Oregon Department of Transportation (ODOT - Region 1)
Dick Pedersen	Oregon Department of Environmental Quality (DEQ)
Fred Hansen	TriMet
Don Wagner	Washington State Department of Transportation (WSDOT)

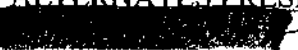

**MEMBERS ABSENT AFFILIATION**

Sam Adams	City of Portland
Roy Rogers	Washington County
Maria Rojo de Steffey	Multnomah County
Steve Stuart	Clark County
Bill Wyatt	Port of Portland

**ALTERNATES PRESENT**

**AFFILIATION**

*ADD:*

	 <i>County</i>
Chuck Becker	City of Gresham, representing Cities of Multnomah County
Susie Lahsene	Port of Portland
Lainie Smith	Oregon Department of Transportation (ODOT - Region 1)

**GUESTS PRESENT**

**AFFILIATION**

Earl Blumenauer	Congressman
Meeky Blizzard	Office of Congressman Earl Blumenauer
Mike Clark	Washington State Department of Transportation (WSDOT)
Jonathan David	City of Gresham
Jef Dalin	Councilor, City of Cornelius
James Koski	Office of Congressman Earl Blumenauer
Ann Gardner	Schnitzer Group

GUESTS PRESENT(cont.)

AFFILIATION

Jennifer Williamson	Portland State University
Marianne Fitzgerald	Oregon Department of Environmental Quality (DEQ)
John Gillam	City of Portland
Steve Iwata	City of Portland
John Arroyo	N.W. Cement Producers Group
John Wiebke	City of Hillsboro
Cam Gilmour	Clackamas County
Sharon Nasset	ETA
Robin McCaffrey	Port of Portland
Deborah Murdock	Portland State University
Tom Markgraf	Columbia River Crossing
John Rist	Clackamas County
Olivia Clark	TriMet
Jay Lyman	David Evans and Associates
Ron Weinman	Clackamas County

STAFF

Scott Adams (Intern)	Andy Cotugno	Ted Leybold	Jessica Martin
Robin McArthur	Sherry Oeser	Kathryn Schutte	Randy Tucker
Mark Turpel	Gina Whitehill-Baziuk		

I. CALL TO ORDER, DECLARATION OF A QUORUM, INTRODUCTIONS AND WELCOME OF NEW MEMBERS

Chair Rex Burkholder called the meeting to order and declared a quorum at 7:36 a.m.

II. CONVERSATION WITH CONGRESSMAN EARL BLUMENAUER

Chair Burkholder introduced and welcomed special guest, Congressman Earl Blumenauer.

Congressman Blumenauer stated that he and Congressman Walden plan to spend 4 days hiking the 41-mile Timberline Trail, meeting with botanists, hydrologists, geologists, and other experts en route to better understand the impact of federal policies on the mountain's natural functions. The goal is to use the information, tools, and resources gleaned from this process to create a long-term Mt. Hood Legacy that will guide actions on the mountain for years to come. This fall, he and Walden will host two more summits to consider legislation that they will introduce in Congress.

Congressman Blumenauer discussed the recently passed transportation bill that will send nearly \$300 billion to the states to build and fix roads, including \$2.7 billion to Oregon.

For the first time, Oregon will receive more transportation money than it sends to the federal government through gas taxes, the result of a change in the highway funding formula, which Congress uses to distribute money to the states.

The change in the funding formula means Oregon will receive \$1.03 million for each \$1 million Oregon provides to the trust fund.

The package also includes \$200 million to fix bridges along Interstate 5. Other projects intended to relieve congestion include \$19 million for the Sunrise Corridor in Clackamas County; \$23.5 million to improve the Newberg-Dundee bypass; and \$16.2 million for I-5/Delta Park. Although the majority of the money was aimed at roads and bridges, public transit also drew attention. Gresham will receive \$1.2 million to build a new light-rail station. The Portland Streetcar project, a priority for Congressman Earl Blumenauer, will get \$4 million.

Another winner was Portland State University, which will get \$16 million for its transportation research center to continue studying ways to relieve congestion.

The committee thanked Congressman Blumenauer and presented him with an award in appreciation of his vision, leadership and extraordinary efforts resulting in success for Oregon.

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### III. CITIZEN COMMUNICATIONS

There were none.

### IV. COMMENTS FROM THE CHAIR

#### **Transportation Planning Rule Status Update**

Chair Burkholder provided an update on the Transportation Planning Rule. He noted that the Land Conservation and Development Commission (LCDC) has delayed their decision for a few months. He thanked everyone who submitted comments, but noted that face-to-face meetings with individuals on the commission need to take place.

#### **Get Centered! Vancouver**

Chair Burkholder reminded the committee of the Get Centered! event in Vancouver, WA on Thursday, September 15<sup>th</sup>.

#### **Milwaukie Groundbreaking**

Councilor Brian Newman invited the committee to attend the Milwaukie North Main Village Groundbreaking at 10am on Monday, August 15<sup>th</sup>. The site is the old Safeway location in downtown Milwaukie on the corner of Harrison and Main and is the first project funded through Metro's Centers Program.

### V. CONSENT AGENDA

#### **Minutes**

Minutes from the July 14<sup>th</sup> meeting will be presented for approval at the next committee meeting on Thursday, September 15<sup>th</sup>.

### VI. DISCUSSION ITEMS

**RESOLUTION NO. 05-3599, FOR THE PURPOSE OF APPROVING AN AIR QUALITY CONFORMITY DETERMINATION FOR THE 2006-2009 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM AND THE I-205/AIRPORT WAY INTERCHANGE IMPROVEMTN PROJECT**

Mr. Mark Turpel appeared before the committee to report on Resolution No. 05-3599, which would approve a conformity determination for Carbon Monoxide for the Metro region. The conformity determination for Carbon Monoxide must be approved in order to continue to be eligible to receive federal funds for transportation projects. While there are no longer any requirements for ozone air quality conformity determination as the region was recently re-designated as being in attainment with ozone analysis, an ozone analysis was voluntarily done in addition to the required Carbon Monoxide analysis because past ozone levels have been estimated to be close to maximum allowed levels.

Mr. Turpel directed the committee's attention to the draft Carbon Monoxide conformity determination (included as part of this meeting record), noting that most of the changes from the version reviewed by TPAC were editorial or formatting changes. Substantive changes included changing appendix b, to include the comments from the Federal Highway Administration and Metro staff responses and clarifying the Sunrise Corridor Project.

Bill Kennemer inquired when the RTP and Air Quality Conformity would cover the Sunrise. Mr. Andy Cotugno stated that when the DEIS has concluded, JPACT would be presented an RTP amendment for approval.

ACTION TAKEN: Ms. Lynn Peterson moved and Mr. Rob Drake seconded the motion to approve Resolution No. 05-3599. The motion passed.

**RESOLUTION NO. 05-3604, FOR THE PURPOSE OF AMENDING THE REGIONAL TRANSPORTATION PLAN TO INCLUDE THE I-205 NORTHBOUND ONRAMP/AIRPORT WAY INTERCHANGE IMPROVEMENT**

Mr. Turpel appeared before the committee to report on Resolution No. 05-3604, which would amend the RTP to include the I-205/Airport Way interchange improvement project.

ACTION TAKEN: Mr. Fred Hansen moved and Ms. Susie Lahsene seconded the motion to forward Resolution 05-3604. The motion passed.

**RESOLUTION NO. 05-3606, FOR THE PURPOSE OF APPROVING THE 2006-09 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM FOR THE PORTLAND METROPOLITAN AREA**

Mr. Ted Leybold appeared before the committee to report on Resolution 05-3606, which would approve the 2006-09 MTIP, the report that summarizes all programming of federal transportation funding in the Metro region for the federal fiscal years 2006-09.

ACTION TAKEN: Mr. Drake moved and Mr. Bill Kennemer seconded the motion approve Resolution 05-3606. The motion passed.

**ORDINANCE NO. 05-1086, FOR THE PURPOSE OF AMENDING THE REGIONAL FRAMEWORK PLAN IN ORDER TO BRING IT UP TO DATE AND MAKE IT MORE USABLE BY CITIZENS OF THE REGION**

Ms. Sherry Oeser appeared before the committee to report on Ordinance No. 05-1086, which would amend the Regional Framework Plan (RFP) to make it more user-friendly.

She noted that Chapter 2, the chapter dedicated to transportation, presents the overall policy framework for the specific transportation goals, objectives and actions contained in the Regional Transportation Plan and also sets a direction for future transportation planning and decision-making by the Metro Council and the implementing agencies, counties and cities.

The Charter directs Metro to address the following subjects in the Plan:

- Management and amendment of the Urban Growth Boundary
- Protection of lands outside the UGB for natural resource use
- Urban design and settlement patterns
- Housing densities
- Transportation and mass transit systems
- Parks, open spaces and recreational facilities
- Water sources and storage
- Coordination with Clark County, WA
- Planning responsibilities mandated by state law
- Other issues of metropolitan concern

The updated RFP presented brings together the above elements in addition to previous regional policies including the Regional Urban Growth Goals and Objectives, 2040 Growth Concept, Metropolitan Greenspaces Master Plan and Regional Transportation Plan, to create a coordinated and integrated RFP.

ACTION TAKEN: Mr. Drake moved and Ms. Peterson seconded the motion to approve Ordinance No. 05-1086. The motion passed.

**Sunrise Corridor DEIS**

*Change to Jay Lyman*  
[REDACTED] with David Evans & Associates appeared before the committee to present information on the Sunrise Project, I-205 to Rock Creek Junction (included as part of this meeting record). The purpose of the project is to effectively address the existing congestion and safety problems in the Highway 212/224 corridor between its interchange with I-205 and Rock Creek Junction and to serve the growing demand for regional travel access to the state highway system. The presentation addressed the following topics:

- Location of project
- Priority of project
- Safety issues
- History of congestion
- Freight movement
- Future goals
- Project goals
- Process flow chart

## VII. OTHER COMMITTEE BUSINESS

### **JPACT Finance Fall Work Plan**

Chair Burkholder distributed a handout outlining the fall work plan for the JPACT Finance Committee that included:

1. PBA Economic Impacts of Transportation Investment Study results
2. Projects of Statewide Significance – Cost vs. Revenue Analysis
3. Response to ODOT Public/Private solicitation for I-205 and Sunrise Corridor
4. Results of ODOT systemwide tolling analysis
5. Consultant RFP for financially constrained RTP

He noted that the next JPACT Finance committee meeting would be on September 22<sup>nd</sup>.

## VIII. ADJOURN

There being no further business, Chair Rex Burkholder adjourned the meeting at 9:06 a.m.

Respectfully submitted,

Jessica Martin  
Recording Secretary

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF UPDATING THE )  
WORK PROGRAM FOR CORRIDOR )  
REFINEMENT PLANNING THROUGH )  
2020. )

RESOLUTION NO. 05-3616

Introduced by Rex Burkholder

WHEREAS, The Oregon Transportation Planning Rule requires metropolitan planning agencies to identify areas where refinement planning is required to develop needed transportation projects and programs not included in the Transportation System Plan; and

WHEREAS, Chapter 6 of the 2004 RTP, sections 6.7.5 and 6.7.6, identifies transportation corridors where multi-modal refinement planning is needed before specific projects and actions that meet the identified need can be adopted by the Regional transportation Plan (RTP); and

WHEREAS, on July 26, 2001 the Metro Council adopted Resolution No 01-3089 to endorse the findings and recommendations of the Corridor Initiative Project which developed a work program that prioritized corridor refinement studies; and

WHEREAS, the Corridor Refinement Work Program was adopted as an amendment to the RTP in the fall of 2001; and

WHEREAS, the resolution called for monitoring and updating of Corridor Refinement Work Program as part of the Unified Work Program process; and

WHEREAS, significant work has been completed on a number of corridors. In addition, decisions regarding the urban growth boundary and other significant land use changes over the past several years make it timely to revisit the corridor planning priorities for future planning periods; and

WHEREAS, in the fall of 2004, Metro convened a working group of the Transportation Policy Alternatives Committee (TPAC) to update the work program for the 2006-2010 planning period; and

WHEREAS, there was involvement by the jurisdictions in the process. The TPAC working group consisted of representatives from the Washington, Multnomah and Clackamas Counties, the Cities of Portland, Gresham and Wilsonville, the Oregon Department of Transportation, the Port of Portland and TriMet; and

WHEREAS, the TPAC working group reviewed the status of corridor planning throughout the region, considered the technical evaluation that was completed in 2001 and discussed changes that might affect corridor planning priorities for the 2006-2010 planning period; and

WHEREAS, the Exhibit "A" of this resolution contains the Updated Work Program for Corridor Refinement Planning through 2020; now therefore,

BE IT RESOLVED,

1. That the Updated Work Program for Corridor Refinement Planning through 2020 (Exhibit "A") is hereby approved and adopted as a guideline for planning work in these corridors. It will be monitored and updated as part of the Unified Work Program.
2. The Metro Council directs staff to prepare a proposed amendment to the RTP to add the I-405 Loop Corridor to the list of corridors needing major refinement plans in Chapter 6 of Metro's RTP by a future RTP amendment. The City of Portland will bring the recommendations of the recently completed I-405 Loop Analysis to TPAC, JPACT and the Metro Council for review and study steps will be agreed to as part of that process.
3. That the 2006-2010 planning period will include major new planning initiatives for the I-205 Corridor south of Johnson Creek Boulevard, the Outer Southwest Area Transportation study, the I-405 Loop Corridor and East Multnomah County I-84/US 26 Connector Corridor.
4. That the East Multnomah County I-84/US 26 Connector Corridor may be completed in conjunction with Phase II of the Powell/Foster Corridor and will be coordinated with the Damascus and Springwater area concept planning studies.
5. That ODOT will lead planning for the I-205 Corridor, ODOT and Metro will co-lead the Outer Southwest Area Transportation Study, the City of Portland and ODOT will lead the I-405 Loop Corridor and Metro will lead planning for the East Multnomah County I-84/US 26 Connector study. The lead agencies will provide staff support, will include appropriate jurisdictions in the planning process and will develop a work program and budget.
6. Metro will work with TriMet and other jurisdictions to develop a transit system plan and transit corridor priorities in the 2006-2010 time frame.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
David Bragdon, Council President

Approved as to Form:

\_\_\_\_\_  
Daniel B. Cooper, General Counsel



Corridor and Key Facilities Corridor Planning On-Going	First Planning Period (2001 - 2005)	Second Planning Period (2006 - 2010)	Third Planning Period (2011 - 2020)
<b>I-5 (North) Corridor</b> - I-5 from I-84 to Vancouver	I-5 Trade Corridor Study/Compass	Banfield Hwy/US 99/US 101/US 101/US 101/US 101	
<b>Powell/Foster Corridor</b> - Powell Blvd, from the west end of Ross Island Bridge to Gresham, Foster Road from Powell to Hwy. 212 Damascus.	Powell/Foster Corridor Study/Compass	Phase II Planning/Study/Compass	
<b>Highway 217 Corridor</b> - Hwy. 217 from Sunset Hwy. To I-5	Highway 217 Corridor Study/Compass	Phase II Planning/Study/Compass	
<b>Sunrise Corridor</b> - Hwy. 212/224 from I-205 to US 26.	Sunrise Corridor Study/Compass	Phase II Planning/Study/Compass	
<b>Macadam/Highway 43 Corridor</b> - Hwy. 43 from Ross Island Bridge to Oregon City.	Macadam/Highway 43 Corridor Study/Compass	Phase II Planning/Study/Compass	
<b>I-5 to Highway 99W Connector</b> - Tualatin- Sherwood Road from I-5 to Hwy. 99W, Hwy. 99W from Tualatin-Sherwood Road to Bell Road.	I-5 to Highway 99W Connector Study/Compass	Phase II Planning/Study/Compass	
<b>New Major Corridor Refinements Recommended in the Second Period</b>			
<p><b>North Willamette Crossing Corridor</b> - Study new crossing near St. Johns Bridge (Hwy. 30 from NW Newberry Road to BN Railroad Bridge).</p> <p><b>Highway 213 Corridor</b> - Hwy. 213 from I-205 to Leland Road.</p> <p><b>Barbur Blvd./I-5 Corridor</b> - Hwy. 99W and I-5 from I - 405 to Tigard.</p> <p><b>TV Highway Corridor</b> - Tualatin Valley Hwy. from Hwy. 217 to downtown Hillsboro.</p> <p><b>Sunset Highway Corridor</b> - US 26 from I-405 to Cornelius Pass Road.</p> <p><b>NE Portland Highway Corridor</b> - Columbia Blvd. from Burgard to Killingsworth, Lombard from I - 5 to Killingsworth, and Killingsworth from Lombard to I - 205.</p> <p><b>I-205 (North) Corridor</b> - I - 205 from Hwy. 224 to Vancouver.</p> <p><b>Banfield (I-84) Corridor</b> - I - 84 from I - 5 to Troutdale.</p> <p><b>McLoughlin and Hwy. 224 Corridor</b> - Hwy. 99E from Hawthorne Blvd to Oregon City, Hwy. 224 from McLoughlin Blvd. To I - 205.</p>	<p>North Willamette Crossing Corridor Study/Compass</p> <p>Highway 213 Corridor Study/Compass</p> <p>Barbur Blvd./I-5 Corridor Study/Compass</p> <p>TV Highway Corridor Study/Compass</p> <p>Sunset Highway Corridor Study/Compass</p> <p>NE Portland Highway Corridor Study/Compass</p> <p>I-205 (North) Corridor Study/Compass</p> <p>Banfield (I-84) Corridor Study/Compass</p> <p>McLoughlin and Hwy. 224 Corridor Study/Compass</p>	<p>North Willamette Crossing Corridor Study/Compass</p> <p>Highway 213 Corridor Study/Compass</p> <p>Barbur Blvd./I-5 Corridor Study/Compass</p> <p>TV Highway Corridor Study/Compass</p> <p>Sunset Highway Corridor Study/Compass</p> <p>NE Portland Highway Corridor Study/Compass</p> <p>I-205 (North) Corridor Study/Compass</p> <p>Banfield (I-84) Corridor Study/Compass</p> <p>McLoughlin and Hwy. 224 Corridor Study/Compass</p>	
<b>Other Corridors</b>			
<b>North Willamette Crossing Corridor</b> - Study new crossing near St. Johns Bridge (Hwy. 30 from NW Newberry Road to BN Railroad Bridge).	North Willamette Crossing Corridor Study/Compass	North Willamette Crossing Corridor Study/Compass	
<b>Highway 213 Corridor</b> - Hwy. 213 from I-205 to Leland Road.	Highway 213 Corridor Study/Compass	Highway 213 Corridor Study/Compass	
<b>Barbur Blvd./I-5 Corridor</b> - Hwy. 99W and I-5 from I - 405 to Tigard.	Barbur Blvd./I-5 Corridor Study/Compass	Barbur Blvd./I-5 Corridor Study/Compass	
<b>TV Highway Corridor</b> - Tualatin Valley Hwy. from Hwy. 217 to downtown Hillsboro.	TV Highway Corridor Study/Compass	TV Highway Corridor Study/Compass	
<b>Sunset Highway Corridor</b> - US 26 from I-405 to Cornelius Pass Road.	Sunset Highway Corridor Study/Compass	Sunset Highway Corridor Study/Compass	
<b>NE Portland Highway Corridor</b> - Columbia Blvd. from Burgard to Killingsworth, Lombard from I - 5 to Killingsworth, and Killingsworth from Lombard to I - 205.	NE Portland Highway Corridor Study/Compass	NE Portland Highway Corridor Study/Compass	
<b>I-205 (North) Corridor</b> - I - 205 from Hwy. 224 to Vancouver.	I-205 (North) Corridor Study/Compass	I-205 (North) Corridor Study/Compass	
<b>Banfield (I-84) Corridor</b> - I - 84 from I - 5 to Troutdale.	Banfield (I-84) Corridor Study/Compass	Banfield (I-84) Corridor Study/Compass	
<b>McLoughlin and Hwy. 224 Corridor</b> - Hwy. 99E from Hawthorne Blvd to Oregon City, Hwy. 224 from McLoughlin Blvd. To I - 205.	McLoughlin and Hwy. 224 Corridor Study/Compass	McLoughlin and Hwy. 224 Corridor Study/Compass	

## STAFF REPORT

### RESOLUTION 05-3616; FOR THE PURPOSE OF UPDATING THE WORK PROGRAM FOR CORRIDOR REFINEMENT PLANNING THROUGH 2020.

Date: August 26, 2005

Presented by: Bridget Wieghart

#### PROPOSED ACTION

This resolution would update the work program for corridor refinement planning through 2020. It would serve as a guide for planning for corridors identified in Chapter 6 of the RTP that need additional work prior to adoption of improvements or actions to meet the identified transportation need, as required by the Oregon State Transportation Planning Rule (TPR). It identifies new corridor planning priorities for the 2006-2010 planning period. This resolution also directs staff to add the I-405 Loop Corridor to the major corridor refinements in chapter 6, section 6.7.5, of the 2004 Regional Transportation Plan (RTP) as part of the next update to the RTP.

#### EXISTING LAW

The TPR (section 660-12-020) requires that regional transportation system plans establish a coordinated network of transportation facilities adequate to serve regional transportation needs. Section 660-12-025 of the TPR allows an MPO to defer decisions regarding function, general location and mode as long if it can demonstrate that the refinement effort will be completed within three years. On June 15, 2001, the 2000 RTP was acknowledged by the Land Conservation and Development Commission (LCDC). As part of the acknowledgement process, LCDC continued a decision to amend the TPR to allow Metro to adopt an action plan that exceeds the current three-year timeframe.

#### FACTUAL BACKGROUND AND ANALYSIS

Chapter 6, section 6.7.4 of the 2004 RTP identifies transportation corridors where two types of multi-modal refinement planning is warranted before specific projects and actions that meet the identified need can be adopted by the RTP. In Chapter 6, section 6.7.5 lists specific corridors where a transportation need has been identified but a major corridor planning study is needed to determine the function, mode and general location of an improvement before a project can be fully defined for implementation. Section 6.7.6 lists specific corridors where both the need and mode for a transportation improvement have been identified, but proposed transportation projects must be developed to a more detailed level before construction can occur.

Due to the large number of corridors that require additional planning work and the resources required to undertake these studies, Metro undertook a regional effort in 2001 to develop a strategy for their completion as part of the Corridor Initiatives Project. In 2001, a technical advisory committee and a project management group comprised of representatives from the Multnomah, Clackamas, Washington, and Clark counties, and the cities of Multnomah, Clackamas and Washington county, ODOT, the City of Portland, Port of Portland and Tri-Met was established.

Metro staff and the TAC developed and implemented a technical evaluation process. The PMG reviewed and approved the criteria and results of the technical evaluation. The evaluation assessed and compared the corridors with respect to five major criteria:

- Support of key 2040 land uses
- Congestion
- Support of 2040 transit plans
- Support of 2040 freight goals
- Safety and reliability

In addition to the technical evaluation, Metro staff, the TAC and the PMG considered non-technical factors such as relation to other planning efforts, community interest and available resources for each corridor. Metro staff and Councilors met with Multnomah, Washington, and Clackamas County Coordinating Committees, the City of Portland Transportation System Planning Committees, and the Clackamas County Mayors and Managers. Feedback regarding non-technical issues was received from each committee and incorporated as a general ranking under "Jurisdictional Interest" and was considered for determining which tier the corridor was put in. A public meeting was held on June 18, 2001 where information was provided to, and feedback was solicited from, the general public.

A summary of the corridor initiative findings, including a ranking of the corridors into tiers is contained in Attachment I to this staff report.

Since 2001, much corridor planning anticipated in the original work program has been completed. For example, the I-5 Trade Corridor Study, the Sunset Highway Corridor refinement and environmental assessment, the South Corridor transit study and Phase I of the Powell-Foster Corridor Transportation Plan have all been completed. Phase I of the Highway 217 Corridor Study has been completed and Phase II will wrap up this fall.

In the fall of 2004, Metro convened a subgroup of TPAC to update the work program for multi-modal refinement planning for the period from 2006 to 2010. The working group review work completed. In addition, it revisited previous technical work regarding corridor priorities and considered any changes that might affect priorities going forward.

The working group determined that, since the 2001, the importance of some of the corridors has changed. New Urban Growth Boundary (UGB) expansions have put additional pressure on certain corridors, which the group now considers to be of higher importance.

The recent explosive growth in Tualatin and Wilsonville, along with recent urban growth boundary expansion and higher usage of industrial lands in the area, make the Outer Southwest Area Transportation Study a higher priority from a land use perspective. In addition, a number of connecting corridors including Highway 217, I-5/99W and I-205 South are currently under study for improvements, which increases the urgency of studying this critical link. Further, all of the connecting corridors are considering value pricing as an option, which makes this corridor a hub of a potential value pricing network. All of these factors have also increased the level of jurisdictional interest in this corridor study.

I-205 South was a priority from a technical and jurisdictional perspective in 2001. ODOT has recently initiated a reconnaissance study of the entire I-205 Corridor and has issued an RFP to solicit private interest as part of its Innovative Partnerships Program. These actions, combined with the growth plans for Damascus and Clackamas Regional Center, heightens the importance of corridor planning in this area.

The City of Portland led I-405 Loop study has highlighted the need for a separate corridor which focuses on the downtown freeway facilities and their relationship with land uses in the Central Eastside, Lloyd and Macadam districts.

Recent urban growth boundary decisions have significantly increased the importance of the East Multnomah County I-84/US 26 Corridor from both a land use and transportation standpoint. The planned industrial and employment growth in the Springwater area, along with planned household and employment growth in the Pleasant Valley and Damascus areas, increases the urgency of planning for north south transportation connections between these areas and the Columbia Corridor. The North South Transportation study recently completed by Gresham identifies serious future congestion and transit needs for this area.

After review from the TPAC subgroup and conferring with the local jurisdictions, a 2005 work program for corridor refinement planning through 2020 was created and is attached to the Metro Council resolution as Exhibit "A". The 2005 work program highlights four potential "major new corridor refinements" for the 2006 – 2010 planning period. Metro has partial funding for two of the proposed "major new corridor refinements" during that period. The City of Portland is seeking funding to complete the I-405/I-5 Loop study and ODOT has some funding and is seeking additional funding for the I-205 (South) corridor study.

Three of the "new major corridor refinements recommended in the 2006-2010 planning period" from Exhibit A are already identified in the RTP. For those corridors, the description of the major facility and specific considerations that must be incorporated into corridor refinement studies derived from Chapter 6 of the RTP is attached for reference (Attachment 2 to this staff report). The City of Portland is bringing findings and recommendations regarding the I-405 loop analysis to TPAC, JPACT and the Metro Council for review this fall. Based on those discussions, an RTP amendment to adopt a corridor description and required study element will be developed.

#### RECOMMENDED ACTION

It is recommended that the updated 2005 Work Program for Corridor Refinement Planning (Exhibit "A" to the Council resolution) through 2020 be adopted as a guideline for planning work in these corridors. It is recommended that the 2006 - 2010 planning period will include the following four major new planning efforts: I-205 (South) Corridor, I-5 (South) Area Corridor, I-405 Loop Corridor, and I-84/US 26 Connector Corridor. It is also recommended that the I-84/US 26 Connector Corridor be completed in conjunction with Phase II of the Powell/Foster Corridor and the Damascus and Springwater area concept planning studies.

It is anticipated that Metro staff resources currently budgeted for corridor planning purposes would be allocated to complete two of these multi-modal corridor planning efforts within the next five years. Separate funds from other sources are being sought to provide necessary resources for materials and professional services and any additional staff needs.

#### BUDGET IMPACT

None.

# 2001 Corridor Initiative Findings

## Technical Evaluation Summary

## Jurisdictional Interest

### Corridors Proposed for Study

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#### First Tier Corridors

- I- 5 (North) Corridor**
- Banfield (I - 84) Corridor**
- Powell/Foster Corridor**
- Sunset Highway Corridor**
- McLoughlin and Hwy 224 Corridor**
- Barbur Blvd./I - 5 Corridor**

#### Second Tier Corridor

- I - 205 (South) Corridor**
- I - 5 (South) Corridor**
- I - 205 (North) Corridor**
- Highway 217 Corridor**
- Macadam/Highway 43 Corridor**
- TV Highway Corridor**
- Sunrise Corridor**

#### Third Tier Corridor

- NE Portland Highway Corridor**
- Highway 213 Corridor**
- I - 5 to Hwy 99W Connection Corridor**
- North Willamette Crossing Corridor**
- I - 84 to US 26 Corridor**

	Land Use	Congestion	Transit	Freight	Reliability
I- 5 (North) Corridor	■	■	■	■	■
Banfield (I - 84) Corridor	■	■	■	■	□
Powell/Foster Corridor	■	■	■	□	■
Sunset Highway Corridor	■	■	■	■	■
McLoughlin and Hwy 224 Corridor	■	■	■	■	■
Barbur Blvd./I - 5 Corridor	■	■	■	■	■
<b>Second Tier Corridor</b>					
I - 205 (South) Corridor	■	■	□	■	□
I - 5 (South) Corridor	□	■	■	■	□
I - 205 (North) Corridor	■	□	■	■	□
Highway 217 Corridor	■	■	■	■	■
Macadam/Highway 43 Corridor	■	■	■	■	■
TV Highway Corridor	■	■	■	□	■
Sunrise Corridor	□	■	□	□	■
<b>Third Tier Corridor</b>					
NE Portland Highway Corridor	■	□	□	■	■
Highway 213 Corridor	□	■	□	□	■
I - 5 to Hwy 99W Connection Corridor	□	□	□	■	□
North Willamette Crossing Corridor	■	□	□	□	□
I - 84 to US 26 Corridor	□	□	■	□	□

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**Attachment 2 to Staff Report, Resolution No. 05-3616**  
(derived from Chapter 6 of the 2004 Regional Transportation Plan)

**Outer Southwest Area Transportation Study –**

The I-5 facility from Highway 217 to the Willamette River/Boones Bridge serves as the major southern access to and from the central city. The route also serves as an important freight corridor, where Willamette Valley traffic enters the region at the Wilsonville gateway” and provides access to Washington County via Highway 217. Projections for this facility indicate that growth in traffic between the Metro region and the Willamette Valley will account for as much as 80 percent of the traffic volume along the southern portion of I-5, in the Tualatin and Wilsonville area. A joint ODOT and Wilsonville study concludes that in 2030 widening of I-5 to eight lanes would be required to meet interstate freeway capacity standards set by Metro and ODOT and that freeway access capacity would not be adequate with an improved I-5/Wilsonville Road interchange. For these reasons, the appropriate improvements in this corridor are unclear at this time. However, I-5 serves as a critical gateway for regional travel and commerce, and an acceptable transportation strategy in of this facility and its interconnection with surrounding facilities and land uses has statewide significance. A major corridor study is proposed to address the following issues:

- the effects of widening I-205 and Highway 217 on the I-5 South corridor
- the effects of the I-5 to 99W Connector on the Stafford Road interchange and the resultant need for increased freeway access
- the effects of peak period congestion in this area on regional freight mobility and travel patterns
- the ability of inter-city transit service, to/from neighboring cities in the Willamette Valley, including commuter rail, to slow traffic growth in the I-5 corridor
- the ability to maintain off-peak freight mobility with capacity improvements
- the potential for better coordination between the Metro region and valley jurisdictions on land-use policies
- the effects of a planned long-term strategy for managing increased travel along I-5 in the Willamette Valley
- the effects of UGB expansion and Industrial Lands Evaluation studies on regional freight mobility and the need for industrial access improvements
- the effects to freight mobility and local circulation due to diminished freeway access capacity in the I-5/Wilsonville corridor
- the ability to effectively serve major Town Centers in Tigard, Tualatin and Wilsonville

In addition, the following design elements should be considered as part of the corridor study:

- peak period pricing and HOV lanes for expanded capacity and potential networks with other value pricing facilities under consideration in the area
- provide rapid bus service on parallel Barbur route, connecting Wilsonville to the central city
- provide additional overcrossings in West Portland town center to improve local circulation and interchange access
- add capacity to parallel arterial routes, including 72nd Avenue, Boones Ferry, Lower Boones Ferry and Carmen Drive
- add overcrossings in vicinity of Tigard Triangle to improve local circulation
- extend commuter rail service from Salem to the central city, Tualatin transit center and Milwaukie, primarily along existing heavy rail tracks
- additional I-5 mainline capacity (2030 demand on I-5 would exceed capacity)
- provision of auxiliary lanes between all I-5 freeway on- and off-ramps in Wilsonville.

#### **Interstate 205**

Improvements are needed in this corridor to address existing deficiencies and expected growth in travel demand in Clark, Multnomah and Clackamas counties. Transportation solutions in this corridor should address the following needs and opportunities:

- provide for some peak period mobility for longer trips
- preserve freight mobility from I-5 to Clark County, with an emphasis on connections to Highway 213, Highway 224 and Sunrise Corridor
- maintain an acceptable level of access to the Oregon City, Clackamas and Gateway regional centers and Sunrise industrial area
- maintain acceptable levels of access to PDX, including air cargo access

Potential transportation solutions in this corridor should evaluate the potential of the following design concepts:

- auxiliary lanes added from Airport Way to I-84 East
- consider express, peak period pricing or HOV lanes as a strategy for expanding capacity

- relative value of specific ramp, overcrossing and parallel route improvements
- eastbound HOV lane from I-5 to the Oregon City Bridge
- truck climbing lane south of Oregon City
- potential for rapid bus service or light rail from Oregon City to Gateway
- potential for extension of rapid bus service or light rail north from Gateway into Clark County
- potential for refinements to 2040 land-use assumptions in this area to expand potential employment in the subarea and improve jobs/housing imbalance
- potential for re-evaluating the suitability of the Beavercreek area for urban growth boundary expansion, based on ability to serve the area with adequate regional transportation infrastructure

#### **East Multnomah County Interstate-84 to US 26 Connector**

The long-term need to develop a highway link between I-84 and Highway 26 exists, but a series of interim improvements to Hogan Road are adequate to meet projected demand through 2020. The RTP calls for a series of interim improvements that will better connect Hogan Road to both I-84 on the north, and Highway 26 to the south.

These improvements are needed to ensure continued development of the Gresham regional center and expected freight mobility demands of through traffic. They also benefit transit-oriented development along the MAX light rail corridor, as they would move freight traffic from its current route along Burnside, where it conflicts with development of the Rockwood town center and adjacent station communities. In addition to planned improvements to the Hogan Road corridor, local plans or a corridor study should address:

- more aggressive access management between Stark Street and Powell Boulevard on 181st, 207th and 257th avenues
- redesigned intersections improvements on Hogan at Stark, Burnside, Division and Powell to streamline through-flow
- the need for a long-term primary freight route in the corridor
- the potential for a new alignment south of Powell Boulevard to US 26.
- the provision of adequate regional access between and to the Gresham Regional Center, the Springwater Industrial Area, the new city of Damascus and the Columbia Corridor Industrial Area.



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF UPDATING THE )  
WORK PROGRAM FOR CORRIDOR )  
REFINEMENT PLANNING THROUGH )  
2020. )

RESOLUTION NO. 05-3616

Introduced by Rex Burkholder

WHEREAS, The Oregon Transportation Planning Rule requires metropolitan planning agencies to identify areas where refinement planning is required to develop needed transportation projects and programs not included in the Transportation System Plan; and

WHEREAS, Chapter 6 of the 2004 RTP, sections 6.7.5 and 6.7.6, identifies transportation corridors where multi-modal refinement planning is needed before specific projects and actions that meet the identified need can be adopted by the Regional transportation Plan (RTP); and

WHEREAS, on July 26, 2001 the Metro Council adopted Resolution No 01-3089 to endorse the findings and recommendations of the Corridor Initiative Project which developed a work program that prioritized corridor refinement studies; and

WHEREAS, the Corridor Refinement Work Program was adopted as an amendment to the RTP in the fall of 2001; and

WHEREAS, the resolution called for monitoring and updating of Corridor Refinement Work Program as part of the Unified Work Program process; and

WHEREAS, significant work has been completed on a number of corridors. In addition, decisions regarding the urban growth boundary and other significant land use changes over the past several years make it timely to revisit the corridor planning priorities for future planning periods; and

WHEREAS, in the fall of 2004, Metro convened a working group of the Transportation Policy Alternatives Committee (TPAC) to update the work program for the 2006-2010 planning period; and

WHEREAS, there was involvement by the jurisdictions in the process. The TPAC working group consisted of representatives from the Washington, Multnomah and Clackamas Counties, the Cities of Portland, Gresham and Wilsonville, the Oregon Department of Transportation, the Port of Portland and TriMet; and

WHEREAS, the TPAC working group reviewed the status of corridor planning throughout the region, considered the technical evaluation that was completed in 2001 and discussed changes that might affect corridor planning priorities for the 2006-2010 planning period; and

WHEREAS, the Exhibit "A" of this resolution contains the Updated Work Program for Corridor Refinement Planning through 2020; now therefore,

BE IT RESOLVED,

1. That the Updated Work Program for Corridor Refinement Planning through 2020 (Exhibit "A") is hereby approved and adopted as a guideline for corridor refinement planning work in these corridors. The work program also includes proposed project development work (e.g. Environmental Impact Studies and Engineering). It will be monitored and updated as part of the Unified Work Program.
2. The Metro Council directs staff to prepare a proposed amendment to the RTP to add the I-405 Loop Corridor to the list of corridors needing major refinement plans in Chapter 6 of Metro's RTP by a future RTP amendment. The City of Portland will bring the recommendations of the recently completed I-405 Loop Analysis to TPAC, JPACT and the Metro Council for review and study steps will be agreed to as part of that process.
- ~~3.~~  
3-That the 2006-2010 planning period will include major new planning initiatives for the I-205 South Corridor south of Johnson Creek Boulevard, the Outer Southwest Area Transportation study, the I-405 Loop Corridor and East Multnomah County I-84/US 26 Connector Corridor. The northern terminus of the I-205 corridor will be determined by the current corridor reconnaissance and JPACT and may result in a decision to merge the north and south corridor studies into a single corridor.
4. That the East Multnomah County I-84/US 26 Connector Corridor may be completed in conjunction with Phase II of the Powell/Foster Corridor and will be coordinated with the Damascus and Springwater area concept planning studies.
- ~~5.~~ 5-That ODOT will lead planning for the I-205 Corridor, ODOT and Metro will co-lead the Outer Southwest Area Transportation Study, the City of Portland and ODOT will lead the I-405 Loop Corridor and Metro will lead planning for the East Multnomah County I-84/US 26 Connector study. The lead agencies will provide staff support, will include appropriate jurisdictions in the planning process and will develop a work program and budget. The commencement of the I-405 corridor planning work is dependent upon the City of Portland obtaining needed funds.
6. Metro will work with TriMet and other jurisdictions to develop a transit system plan and transit corridor priorities in the 2006-2010 time frame.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, General Counsel

Corridor and Key Facilities Corridor Planning On-Going	First Planning Period (2001 - 2005)	Second Planning Period (2006 - 2010)	Third Planning Period (2011 - 2020)
<p><b>I-5 (North) Corridor</b> - I-5 from I-84 to Vancouver</p> <p><b>Powell/Foster Corridor</b> - Powell Blvd. from the west end of Ross Island Bridge to Gresham. Foster Road from Powell to Hwy. 212 Damascus.</p> <p><b>Highway 217 Corridor</b> - Hwy. 217 from Sunset Hwy. To I-5</p> <p><b>Sunrise Corridor</b> - Hwy. 212/224 from I-205 to US 26.</p> <p><b>Macadam/Highway 43 Corridor</b> - Hwy. 43 from Ross Island Bridge to Oregon City.</p> <p><b>I-5 to Highway 99W Connector</b> - Tualatin- Sherwood Road from I-5 to Hwy. 99W. Hwy. 99W from Tualatin-Sherwood Road to Bell Road.</p>	<p>I - 5 Trade Corridor Study <i>Completed</i></p> <p>Corridor Planning - Phase I <i>Study Completed</i></p> <p>Corridor Planning <i>Study Initiated</i></p> <p>Complete Refinement Planning and EIS for Unit 1 <i>Study Initiated</i></p> <p>Transit/Pedestrian/Bike Transportation Demand Management Study/South of the Sellwood Bridge <i>Study Initiated</i></p> <p>Southern Alignment Study; Complete Exceptions; Right-of-Way Preservation Analysis; Corridor Planning <i>Initiated</i></p>	<p>Financial Plan/EIS/Preliminary Engineering <i>Study Initiated</i></p> <p>Phase II Planning, Powell Street design, Environmental Impact Study and Preliminary Engineering of I-205 Interchange</p> <p>Environmental Impact Study and Preliminary Engineering</p> <p>Begin Unit Two Environmental Study</p> <p>Environmental Assessment/DEIS and Preliminary Engineering</p> <p>Complete Corridor Plan and Environmental Impact Study</p>	
<b>New Major Corridor Refinements Recommended in the Second Period</b>			
<p><b>East Multnomah County I-84 to US 26 Connector Corridor</b> - Identify major connector from I-84 to US 26 between 161st and 257th Avenues.</p>	<p>Freight Data Collection Study <i>Initiated</i>; North-South reconnaissance <i>Completed</i></p>	<p>Corridor Planning; National Highway and System Truck Designation</p>	<p>Preserve Right-of-Way; Environmental study &amp; design of arterial improvements</p>
<p><b>I-205 (South) Corridor</b> - I-5 to Johnson Ct. Blvd.</p>	<p>Corridor Reconnaissance Planning <i>Initiated</i></p>	<p>Complete Corridor Planning; Possible Environmental Impact Study</p>	
<p><b>Outer Southwest Area</b> - Hwy. 99W to Tualatin to Wilsonville, surrounding area and facility connections.</p>	<p>Boedman Road Interchange Study <i>Study Completed</i></p>	<p>Reconnaissance and Corridor Planning</p>	<p>Environmental Impact Study</p>
<p><b>I-405 Loop</b> - I-5 and I-405 from Fremont to Ross Island Bridge and adjacent local districts.</p>	<p>Corridor Reconnaissance Study <i>Completed</i></p>	<p>Possible Corridor Planning and Environmental Study of priority improvements</p>	
<p><b>LR1 and Suburban System Plan &amp; Corridor Priorities (2006-2010)</b></p>		<p>Transit System Plan</p>	
<b>Other Corridors</b>			
<p><b>North Willamette Crossing Corridor</b> - Study new crossing near St. Johns Bridge (Hwy. 30 from NW Newberry Road to BN Railroad Bridge).</p>			<p>Corridor Planning</p>
<p><b>Highway 213 Corridor</b> - Hwy. 213 from I-205 to Leland Road.</p>	<p>Construct Southbound Turning lane on Highway 213 <i>Study Completed</i></p>	<p>Implement Funded Recommendations of Highway 213 Design Study</p>	<p>Refine Corridor Planning and Design</p>
<p><b>Barbur Blvd./I-5 Corridor</b> - Hwy. 99W and I-5 from I - 405 to Tigard.</p>	<p>Implement Transit Service Improvements and Elements of the Barbur Streetscape Plan (not all streetscape) <i>Study Initiated</i></p>		<p>Initiate Corridor Planning, Begin Environmental Assessment/Environmental Impact Statement Process</p>
<p><b>TV Highway Corridor</b> - Tualatin Valley Hwy. from Hwy. 217 to downtown Hillsboro</p>		<p>Refine scope of work in next RTP update.</p>	<p>Corridor Planning (if required)</p>
<p><b>Sunset Highway Corridor</b> - US 26 from I-405 to Cornelius Pass Road</p>	<p>Refinement and Environmental Assessment of Hwy. 26 Widening to Cornell. Barnes Road design/construction. <i>Design Complete/Construction started</i></p>	<p>Engineering of US 26 Widening west of Murray Boulevard, feasibility study for widening from HWY 217 to Cornelius Pass Rd</p>	
<p><b>NE Portland Highway Corridor</b> - Columbia Blvd. from Burgard to Killingsworth, Lombard from I - 5 to Killingsworth, and Killingsworth from Lombard to I - 205.</p>	<p>East End Connector Environmental Assessment; Begin Refinement Planning through I-5 Trade Corridor; Adopt St. Johns Truck Access Study <i>Study Completed</i></p>	<p>Implement St Johns Truck Access Study Recommendations; Environmental Assessment and Engineering on I-5 Trade Corridor Recommendations <i>Construction Commenced</i></p>	
<p><b>I-205 (North) Corridor</b> - I - 205 from Hwy. 224 to Vancouver.</p>	<p>South Transit Corridor Study and I-5 Trade Corridor Study (transit only) <i>Completed</i></p>	<p>Reconnaissance Planning for highway improvements <i>Initiated</i>. South Corridor Phase I Construction</p>	<p>Corridor Planning for Roadway Widening</p>
<p><b>Banfield (I-84) Corridor</b> - I - 84 from I - 5 to Troutdale.</p>	<p>Light Rail Capacity Analysis <i>Completed</i></p>	<p>Transit, Transportation System Management Corridor Plan</p>	<p>Transit Improvements and/or Transportation System, management Projects</p>
<p><b>McLoughlin and Hwy. 224 Corridor</b> - Hwy. 99E from Hawthorne Blvd to Oregon City. Hwy. 224 from McLoughlin Blvd. To I - 205.</p>	<p>South Transit Corridor EIS and Preliminary Engineering <i>Initiated</i></p>	<p>Complete South Corridor Phase II EIS/PE</p>	<p>Corridor Planning for Highway Improvements</p>

## STAFF REPORT

### RESOLUTION 05-3616; FOR THE PURPOSE OF UPDATING THE WORK PROGRAM FOR CORRIDOR REFINEMENT PLANNING THROUGH 2020.

Date: August 26, 2005

Presented by: Bridget Wieghart

#### PROPOSED ACTION

This resolution would update the work program for corridor refinement planning through 2020. It would serve as a guide for planning for corridors identified in Chapter 6 of the RTP that need additional work prior to adoption of improvements or actions to meet the identified transportation need, as required by the Oregon State Transportation Planning Rule (TPR). It identifies new corridor planning priorities for the 2006-2010 planning period. This resolution also directs staff to add the I-405 Loop Corridor to the major corridor refinements in chapter 6, section 6.7.5, of the 2004 Regional Transportation Plan (RTP) as part of the next update to the RTP.

#### EXISTING LAW

The TPR (section 660-12-020) requires that regional transportation system plans establish a coordinated network of transportation facilities adequate to serve regional transportation needs. Section 660-12-025 of the TPR allows an MPO to defer decisions regarding function, general location and mode as long if it can demonstrate that the refinement effort will be completed within three years. On June 15, 2001, the 2000 RTP was acknowledged by the Land Conservation and Development Commission (LCDC). As part of the acknowledgement process, LCDC continued a decision to amend the TPR to allow Metro to adopt an action plan that exceeds the current three-year timeframe.

#### FACTUAL BACKGROUND AND ANALYSIS

Chapter 6, section 6.7.4 of the 2004 RTP identifies transportation corridors where two types of multi-modal refinement planning is warranted before specific projects and actions that meet the identified need can be adopted by the RTP. In Chapter 6, section 6.7.5 lists specific corridors where a transportation need has been identified but a major corridor planning study is needed to determine the function, mode and general location of an improvement before a project can be fully defined for implementation. Section 6.7.6 lists specific corridors where both the need and mode for a transportation improvement have been identified, but proposed transportation projects must be developed to a more detailed level before construction can occur.

Due to the large number of corridors that require additional planning work and the resources required to undertake these studies, Metro undertook a regional effort in 2001 to develop a strategy for their completion as part of the Corridor Initiatives Project. In 2001, a technical advisory committee and a project management group comprised of representatives from the Multnomah, Clackamas, Washington, and Clark counties, and the cities of Multnomah, Clackamas and Washington county, ODOT, the City of Portland, Port of Portland and Tri-Met was established.

Metro staff and the TAC developed and implemented a technical evaluation process. The PMG reviewed and approved the criteria and results of the technical evaluation. The evaluation assessed and compared the corridors with respect to five major criteria:

- Support of key 2040 land uses
- Congestion
- Support of 2040 transit plans
- Support of 2040 freight goals
- Safety and reliability

In addition to the technical evaluation, Metro staff, the TAC and the PMG considered non-technical factors such as relation to other planning efforts, community interest and available resources for each corridor. Metro staff and Councilors met with Multnomah, Washington, and Clackamas County Coordinating Committees, the City of Portland Transportation System Planning Committees, and the Clackamas County Mayors and Managers. Feedback regarding non-technical issues was received from each committee and incorporated as a general ranking under “Jurisdictional Interest” and was considered for determining which tier the corridor was put in. A public meeting was held on June 18, 2001 where information was provided to, and feedback was solicited from, the general public.

A summary of the corridor initiative findings, including a ranking of the corridors into tiers is contained in Attachment 1 to this staff report.

Since 2001, much corridor planning anticipated in the original work program has been completed. For example, the I-5 Trade Corridor Study, the Sunset Highway Corridor refinement and environmental assessment, the South Corridor transit study and Phase I of the Powell-Foster Corridor Transportation Plan have all been completed. Phase I of the Highway 217 Corridor Study has been completed and Phase II will wrap up this fall.

In the fall of 2004, Metro convened a subgroup of TPAC to update the work program for multi-modal refinement planning for the period from 2006 to 2010. The working group review work completed. In addition, it revisited previous technical work regarding corridor priorities and considered any changes that might affect priorities going forward.

The working group determined that, since the 2001, the importance of some of the corridors has changed. New Urban Growth Boundary (UGB) expansions have put additional pressure on certain corridors, which the group now considers to be of higher importance.

The recent explosive growth in Tualatin and Wilsonville, along with recent urban growth boundary expansion and higher usage of industrial lands in the area, make the Outer Southwest Area Transportation Study a higher priority from a land use perspective. In addition, a number of connecting corridors including Highway 217, I-5/99W and I-205 South are currently under study for improvements, which increases the urgency of studying this critical link. Further, all of the connecting corridors are considering value pricing as an option, which makes this corridor a hub of a potential value pricing network. All of these factors have also increased the level of jurisdictional interest in this corridor study.

I-205 South was a priority from a technical and jurisdictional perspective in 2001. ODOT has recently initiated a reconnaissance study of the entire I-205 Corridor and has issued an RFP to solicit private interest as part of its Innovative Partnerships Program. These actions, combined with the growth plans for Damascus and Clackamas Regional Center, heightens the importance of corridor planning in this area.

The City of Portland led I-405 Loop study has highlighted the need for a separate corridor which focuses on the downtown freeway facilities and their relationship with land uses in the Central Eastside, Lloyd and Macadam districts.

Recent urban growth boundary decisions have significantly increased the importance of the East Multnomah County I-84/US 26 Corridor from both a land use and transportation standpoint. The planned industrial and employment growth in the Springwater area, along with planned household and employment growth in the Pleasant Valley and Damascus areas, increases the urgency of planning for north south transportation connections between these areas and the Columbia Corridor. The North South Transportation study recently completed by Gresham identifies serious future congestion and transit needs for this area.

After review from the TPAC subgroup and conferring with the local jurisdictions, a 2005 work program for corridor refinement planning through 2020 was created and is attached to the Metro Council resolution as Exhibit "A". The 2005 work program highlights ~~four~~ five potential "major new corridor refinements" for the 2006 – 2010 planning period. Metro has partial funding for two of the proposed "major new corridor refinements" during that period. The City of Portland is seeking funding to complete the I-405/I-5 Loop study and the commencement of that study is dependent upon their ability to obtain needed funds. ~~and~~ ODOT has some funding and is seeking additional funding for the I-205 (South) corridor study.

There is also a need to identify, define and prioritize high capacity transit corridors for further planning work during the 2006-2010 timeframe. Metro will work with TriMet and other jurisdiction on this effort.

Three of the "new major corridor refinements recommended in the 2006-2010 planning period" from Exhibit A are already identified in the RTP. For those corridors, the description of the major facility and specific considerations that must be incorporated into corridor refinement studies derived from Chapter 6 of the RTP is attached for reference (Attachment 2 to this staff report). The City of Portland is bringing findings and recommendations regarding the I-405 loop analysis to TPAC, JPACT and the Metro Council for review this fall. Based on those discussions, an RTP amendment to adopt a corridor description and required study element will be developed.

#### RECOMMENDED ACTION

It is recommended that the updated 2005 Work Program for Corridor Refinement Planning (Exhibit "A" to the Council resolution) through 2020 be adopted as a guideline for planning work in these corridors. It is recommended that the 2006 - 2010 planning period will include the following four major new planning efforts: I-205 (South) Corridor, I-5 (South) Area Corridor, I-405 Loop Corridor, and I-84/US 26 Connector Corridor. It is also recommended that the I-84/US 26 Connector Corridor be completed in conjunction with Phase II of the Powell/Foster Corridor and the Damascus and Springwater area concept planning studies.

It is anticipated that Metro staff resources currently budgeted for corridor planning purposes would be allocated to complete two of these multi-modal corridor planning efforts within the next five years. Separate funds from other sources are being sought to provide necessary resources for materials and professional services and any additional staff needs.

BUDGET IMPACT

None.



An additional resolve suggested by Mayor Becker and supported by MPAC:

7. That Corridor Planning has important land use and transportation implications. Therefore, the Metro Policy Advisory Committee (MPAC) and the Joint Policy Advisory Committee and their respective staff shall work together to coordinate the development of the studies to ensure achievement of regional and local land use and transportation objectives.



# Oregon Innovative Partnerships Program

*Presented to*

***Joint Policy Advisory Committee  
on Transportation***

*Portland, Oregon*

*September 15, 2005*

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





## Innovations in Procurement for Oregon Transportation Projects

1. Review of the Oregon Innovative Partnerships Program (OIPP)
  - Current OIPP Procurement for Three Highway Projects



## Oregon Innovative Partnerships Program – A New Transportation Procurement Method

- Develop Partnerships with Private Entities and Units of Government;
- Expedite Transportation Project Delivery;
- Maximize Transportation Project Innovation. (ORS 367.804(1))
- Leverage Public Funding with Private Sources of Capital  
(Legislative History of SB 772 (2003))



## Oregon Innovative Partnerships Program allows ODOT to Solicit Proposals or Accept Unsolicited Proposals (ORS 367.804)

- **From Private Firms** (“Any ... legal entity or natural person ...”) (ORS 367.802(2))
- **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 ...”). (ORS 367.802(2))
- **OIPP procurements outside processes of Oregon government procurement law of ORS Chapter 279** (ORS 367.806(5))
  - Projects Selected by Best Value instead of Lowest Bid
  - Allows Entry of Private Partners at Conceptual Stages of Project



## 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)

(ORS 367.806)



## OIPP Public Records Disclosure Exemptions

- **Submitted Proposals** ... until selection for negotiation or sharing with local governments, MPOs and Area Commissions on Transportation or evaluation complete (ORS 367.804(6))
- **Sensitive Business, Commercial or Financial Information** not customarily provided to business competitors ... until submitted to Oregon Transportation Commission (OTC) in connection with review and approval (ORS 367.804(6))
- **Documents, Communications and Information Developed in Negotiations** ... until submitted to OTC in connection with review and approval (ORS 367.806(7))
- **Terms of Proposed and Final Agreements** submitted to OTC are NOT exempt from disclosure (ORS 367.806(8))



## Relevant Provisions of OIPP Law

- Local Consultations (ORS 367.804(3)(c))
- Consistency with Local, Regional and State Transportation Planning (ORS 367.806(2)(h))
- No Change in Transportation Planning Requirements or Processes
- No Change in Land Use Planning Requirements or Processes
- No Change in Environment-related Permitting Requirements or Processes
- No Change in NEPA Requirements or Processes





## OIPP Currently Soliciting Proposals In One Procurement For Multiple Projects

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
- **Two Phase Procurement Process**: Pre-development Agreement followed by Implementation Agreement
  - **RFP allows Enhancements and Modifications** beyond project descriptions



## Characteristics of Pre-Development Agreements

- **Selection.** Choose partner based on qualifications, project understanding, financing approach and proposed compensation
- **Early Project Entry.** Private partners brought in early to undertake activities to support NEPA process and speed up project delivery
- **Financial Resources.** Contributed from both sides
- **Work Tasks.** Concurrent rather than sequential work:
  - Development of funding and financing plans
  - Public and political consensus building
  - Design innovation and project staging
  - Optimizing transportation solutions (modifications)
  - Formation of necessary districts or authorities

**If Phase One is successful, ODOT and Private Partner enter into negotiations for subsequent implementation agreements**



## **FHWA Special Experimental Project 15 (SEP-15)**

On May 6, 2005, FHWA granted ODOT exemptions from certain federal requirements of CFR Title 23 for the current OIPP procurement for three highway projects, ...

... subject to negotiation of Early Development Agreement (EDA).



## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

**#1 A modified procurement approach.**

**(a) Ability to accept and review  
proposal modifications requested  
by ODOT**



## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

**#1(b) Price negotiations occur after selection of best proposer. Other proposal ideas may be shared with successful proposer during Negotiations. If negotiations fail with best proposer, negotiations may proceed with second best proposer.**



## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

- #1(c) Authority to issue RFP and execute OIPP Pre-Development Agreements prior to receiving final NEPA approval**



## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

- #2 In lieu of FHWA approval of RFP, FHWA reviews for further processing the OIPP procurement and contract documents and facility implementation and finance plans. Project authorization to follow completion of NEPA analysis.**

## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

**#3 Project developer to undertake  
responsibility for maintenance services  
for toll facilities**





## FHWA Special Experimental Project 15 (SEP-15)

### FHWA Approval of OIPP Experimental Feature

- #4 The combined two step procurement and price reasonableness assessment process prior to project authorization constitutes a competitive process for title 23 purposes, provided there is compliance with state and local laws

## **FHWA Special Experimental Project 15 (SEP-15)**

### **FHWA Approval of OIPP Experimental Feature**

- #5 Developer may provide NEPA support for the project, provided (a) unaffiliated consultant compiles NEPA documents, (b) all services are subject to control and direction by ODOT and FHWA; and (c) ODOT and FHWA are responsible for preparation, content and conclusions of NEPA documents**



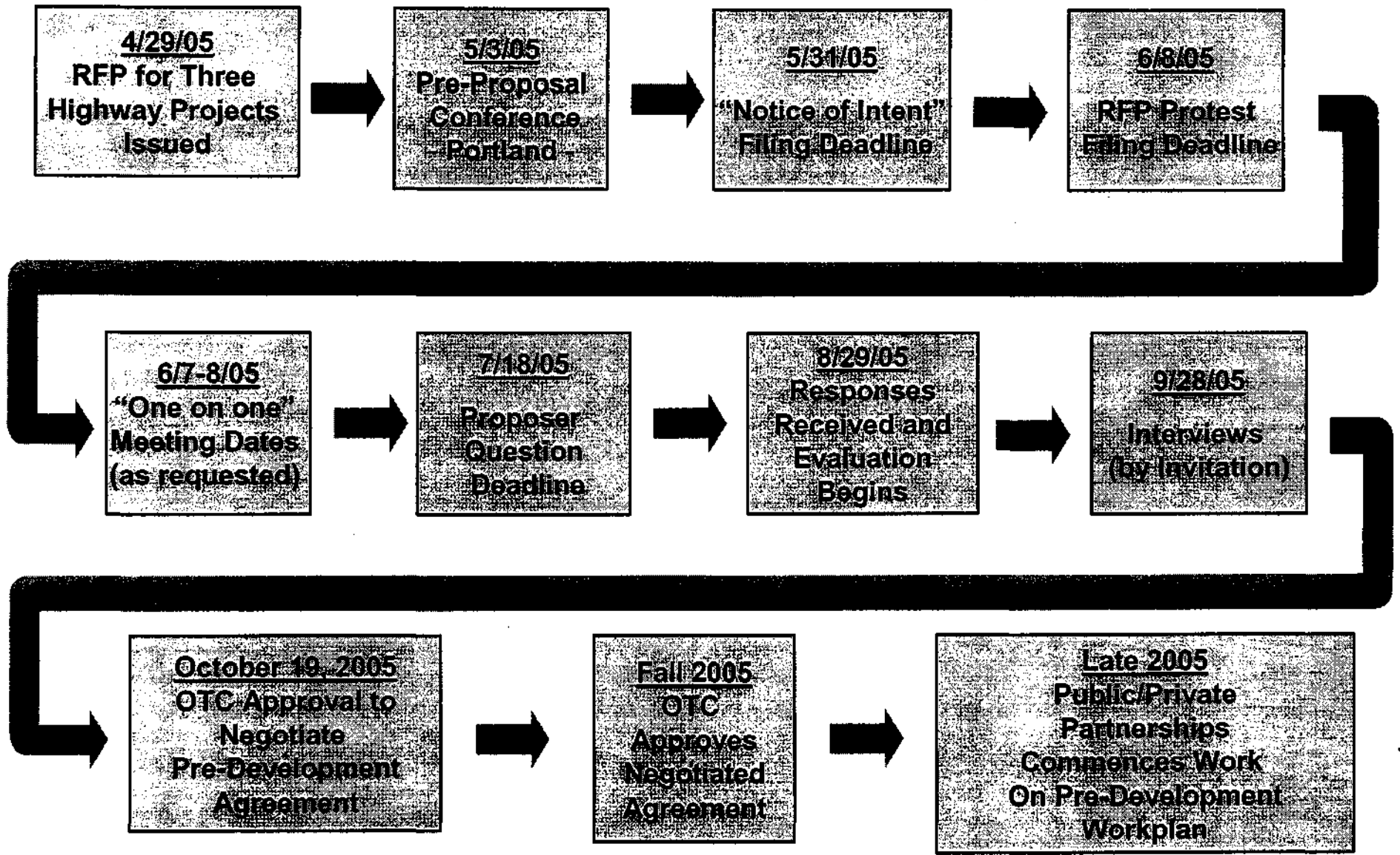
## **OIPP Procurement for Three Highway Projects**

### **Proposals Submitted on August 29, 2005**

- **Yamhill Transportation Partners (Bechtel Infrastructure Corporation & CH2M Hill Constructors Inc.)**
  - Newberg Dundee Transportation Improvement Project
- **Oregon Transportation Improvement Group (MacQuarie Group)**
  - Newberg Dundee Transportation Improvement Project
  - I-205 Widening
  - Sunrise Corridor



## OIPP Procurement for Three Highway Projects





## **OIPP Procurement for Three Highway Projects**

### **Evaluation and Selection Timeline**

- Receipt of Proposals – Aug 29
- Responsiveness Review – Aug 30
- Technical Review Team (TRT) Review (9/1 to 9/12)
- OIPP Technical Consultant Team Review (9/1 to 9/16)
- Local Consultations (9/12 to 9/16)
- Evaluation Team (ET) Preliminary Review (9/8 to 9/22)
- Proposer Interviews (9/28 & 29)
- ET Final Review and Recommendation to ODOT Director (10/3)
- ODOT Director Evaluates and Recommends to OTC (10/4)
- OTC Action on Recommendations (10/19)



# OIPP Procurement for Three Highway Projects

## Local Consultation

- Required during evaluation process with appropriate local governments, transportation districts, MPOs and area commissions on transportation. ORS 367.804(3)(c); OAR 731-070-0295
- ODOT requests local views on the following
  - Local opinion on qualification of proposers (may include preference)
  - Local opinion on elements of proposed project development
  - Local preference or aversion for a particular proposer
  - Local opinion on whether the proposals will likely accelerate cost-effective delivery or promote innovative approaches in carrying out the project



**Oregon Department of Transportation**



*Website for Oregon Innovative  
Partnerships Program*

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



M E M O R A N D U M

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736  
TEL 503 797 1700 | FAX 503 797 1794



DATE: September 8, 2005

TO: JPACT Members and Interested Parties

FROM: Tom Kloster, Transportation Planning Manager

SUBJECT: Expanded Regional Transportation Plan Update

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Metro is in the process of developing a work scope for an expanded 2005-08 Regional Transportation Plan (RTP) update that incorporates the "budgeting for outcomes" approach to establishing regional transportation priorities. This approach involves a sharpening of regional priorities based on community values and willingness to pay for transportation investments. Metro will use the expanded outreach to create an RTP that delivers the outcomes that matter most to citizens, along with indicators to measure progress. The approach would be similar to that used by the State of Washington and Multnomah County to focus public spending on programs and projects that best meet public needs and expectations.

The proposed expansion of the 2005-08 Regional Transportation Plan (RTP) update will address the disconnect between transportation funding constraints, future system needs and the longstanding fiscal shortfall that results. This effort will set the ground rules for the RTP update by establishing how much citizens are willing to pay for transportation serves and infrastructure in the Metro region. The expanded update will involve public opinion surveys, focus groups, town hall meetings, civic journalism and other public outreach strategies designed to provide a very broad sampling of public priorities. This effort would result in an updated RTP "financially constrained" system by the federal deadline of March 2008.

The major tasks to be completed include:

1. *Establishing Public Expectations*: this task will set the price of regional transportation for the 20-year RTP planning period, and will be largely completed by consultants. This task involves a series of survey and public outreach techniques needed to identify public transportation priorities and willingness to pay through the various revenue sources that make up the transportation funding stream, and the relative tradeoffs as represented by general levels of transportation service.



2. *Setting Transportation Priorities:* the consultant will work with the Council and JPACT to evaluate public priorities and spending constraints, and develop transportation spending allocations for the RTP. This task will likely involve public workshops, polling, focus groups and individual consultation with Council and JPACT members. This effort represents the most difficult step in the expanded RTP update, and will result in a series of overarching priorities that will shape the development of a detailed RTP.
3. *Set the Price of Transportation Priorities:* the consultant will work citizens, stakeholders, public agencies partners, the Council and JPACT and staff to establish the price of the transportation priorities, with the goal of setting a relative value for each priority that will then guide RTP project selection.
4. *Develop a Purchasing Plan for the Priorities:* in this step, the consultant will facilitate stakeholders, public agency partners, the Council and JPACT in developing a strategy for delivering the priorities through the best mix of needed transportation investments.
5. *Solicit Transportation Solutions:* this step involves soliciting transportation project and program solutions from local government providers that best match regional priorities and purchasing plan for each priority. The consultant will assist in adapting the “Budgeting for Outcomes” approach to this step, since it involves soliciting projects from agencies that already control the revenue for most projects in the RTP.

The outcome from this exercise will be a ranked array of transportation investments that can be weighed against the “price” of the RTP, with the Council and JPACT adjusting project priorities to establish which investments are within the financially constrained plan, and which are illustrative as placeholders for future revenue.

The most challenging component of the update will be the front-end exercise of scaling the plan to meet public expectations and willingness to pay during the plan period. This may be controversial with local jurisdictions who have generated many of the “wish list” projects in the 2000 RTP, despite the reality that much of the wish list continues to be unfunded under current revenue forecasts.

Another challenge will be to ensure that the result of this exercise continues to adequately support the implementation of the Region 2040 Growth Concept. The 2025 RTP identifies a largely unfunded set of investments deemed necessary to implement the 2040 plan, so it will be incumbent on the contractor to assist the Council and JPACT in redefining how to best implement the 2040 plan with a more realistic set of planned transportation investments.

M E M O R A N D U M

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736  
TEL 503 797 1700 | FAX 503 797 1794



**METRO**

DATE: September 15, 2005  
TO: JPACT Members and Interested Parties  
FROM: Tom Kloster, Transportation Planning Manager  
SUBJECT: Regional Growth Trends: 1970-2004

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### **Introduction**

The Joint Policy Advisory Committee was formed nearly 30 years ago, in response to federal legislation that designated Metropolitan Planning Organizations (MPOs) as the regional body responsible for transportation planning in larger urban areas. In the intervening years, JPACT has operated in partnership with the Metro Council, with 17 members that represent local governments and major transportation agencies in the region. The JPACT operating bylaws have been updated periodically during that period, most recently in 2001. The bylaws updates have been limited to administrative procedures, however, and the current membership has not been altered since the committee was formed.

As part of the 2004 Federal Triennial Review, the Federal Highway Administration issued recommendations to review the bylaws and membership of JPACT to reflect the dramatic changes in the region's area and population since the inception of the committee:

*"2004 Review Recommendation 1. Because of the recent inclusion of the City of Wilsonville and the emerging City of Damascus in the MPO boundary, the considerable growth of the MPO population in general and public comments indicating a perception that smaller jurisdictions may not be adequately represented in MPO matters, it is recommended that the MPO members review the existing policy board representation and voting structure and either reaffirm its adequacy or agree on appropriate modifications*

*"2004 Review Recommendation 2. It is strongly recommended that other members also evaluate the effectiveness of SMARTs input opportunities and consider appropriate alternatives."*

In response to this recommendation, Metro agreed to initiate a review of JPACT membership and operating bylaws as part of the 2005 committee work program. The following background information on recent population trends is provided as a foundation for this discussion.

## Regional Population Trends: 1970-2004

The following analysis of census data shows a substantial shift in the region's population from unincorporated areas to incorporated cities between 1970 and 2004. A combination of actual population growth and annexation pushed this trend as cities assumed the role of chief provider of urban services in many of the region's emerging areas. Figure 1 shows a regional shift from 58% of the population living within cities in 1970 to 74% in 2004. This trend is most noticeable in Multnomah County, where nearly 100 percent of the county's population lives in cities, reflecting the massive annexation programs triggered by the mid-county sewer construction mandate in the 1980s. Washington County's population shift also continues toward an incorporated base while Clackamas County still remains almost evenly split between cities and county governance of unincorporated areas.

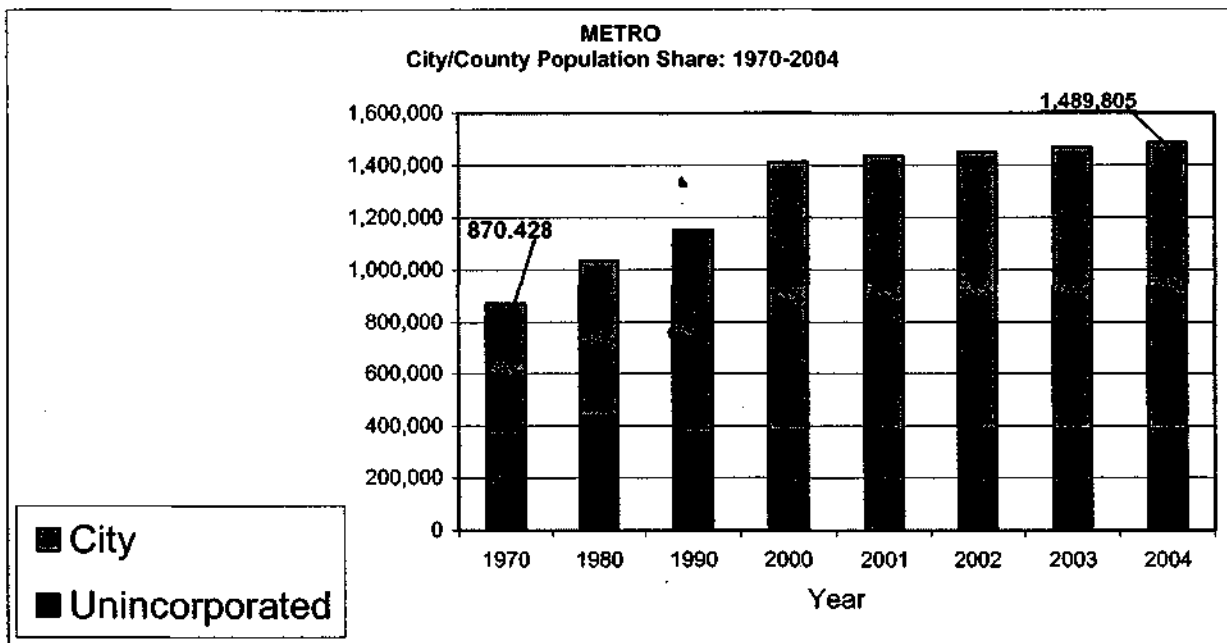


Figure 1: METRO Regional Growth: 1970-2004

## Clackamas County Population Trends: 1970-2004

Clackamas County's population grew by 108 percent during the study period, from 157,457 residents in 1970 to 327,615 in 2004, more than doubling over those 30 years. In 1970, 64 percent of county residents lived in unincorporated areas. Cities grew by annexation and real population growth, with Wilsonville's dramatic 1511 percent growth to 15,241 residents in 2004 being the most dramatic example, but with most other cities gaining substantial population through absolute growth. Yet unincorporated areas also grew during this period, especially in the vicinity of Clackamas Town Center and along the Sunnyside Road corridor, resulting in the smallest shift to incorporated areas in the region, from 36% of Clackamas County residents living in cities in 1970 to 47% in 2004.

Recent expansions of the Urban Growth Boundary (UGB) saw the addition of the Pleasant Valley and Damascus areas, which are expected to result in dramatic increases in Clackamas County urban population in the next few decades. In 2004, residents of the Damascus area voted to incorporate most of the territory included in the UGB expansion, meaning that future development of this area will accelerate the shift of Clackamas County residents residing within municipal boundaries. The cities of Happy Valley, Portland and Gresham expect to incorporate the Pleasant Valley area, as well as parts of the Sunnyside Road corridor, which will also have the effect of increasing the share of future Clackamas County residents living within incorporated areas. Figure 2 shows the population trends and shift to incorporated areas of Clackamas County during this period.

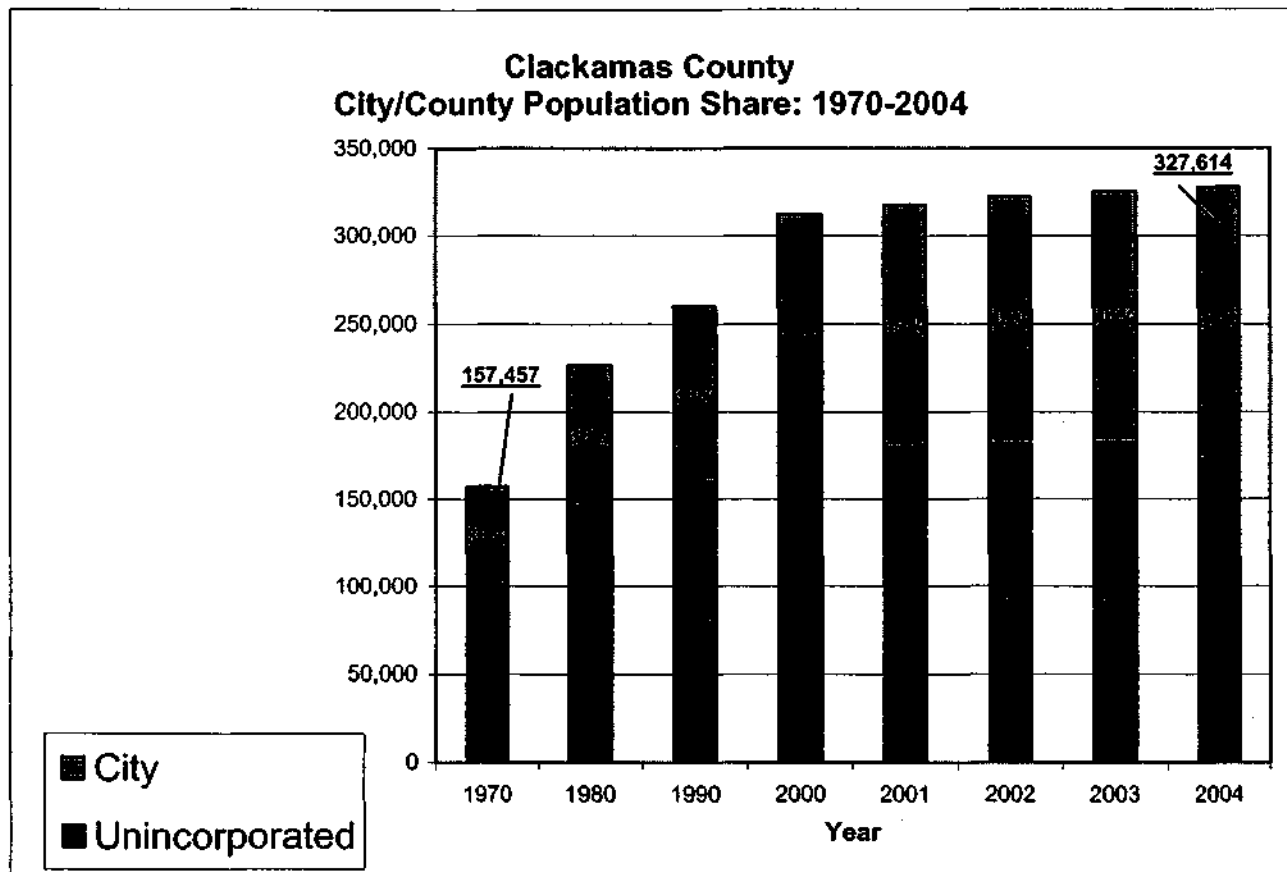


Figure 2: Clackamas Growth: 1970-2004

### Multnomah County Population Trends: 1970-2004

Multnomah County experienced a nearly complete transition to incorporation during the study period. While the county's population grew 23 percent in real population, from 556,667 in 1970 to 685,950 in 2004, annexation boosted city populations significantly. In 1970, the City of Portland already accounted for 68 percent of the county's population, with 382,061 people, while unincorporated areas held 28 percent. The City of Portland and City of Gresham began massive annexations in mid-county area the 1980s as part of the mandated sewer project, bringing more

than 200,000 residents into the two cities over a span of less than ten years. By 2004, only two percent of the county's urban population lived in unincorporated areas. The Pleasant Valley and Damascus UGB expansions brought rural Multnomah County land into the urban area, with all of the affected areas expected to be incorporated into the cities of Gresham and Portland. Figure 3 shows the population trends in Multnomah County during this period.

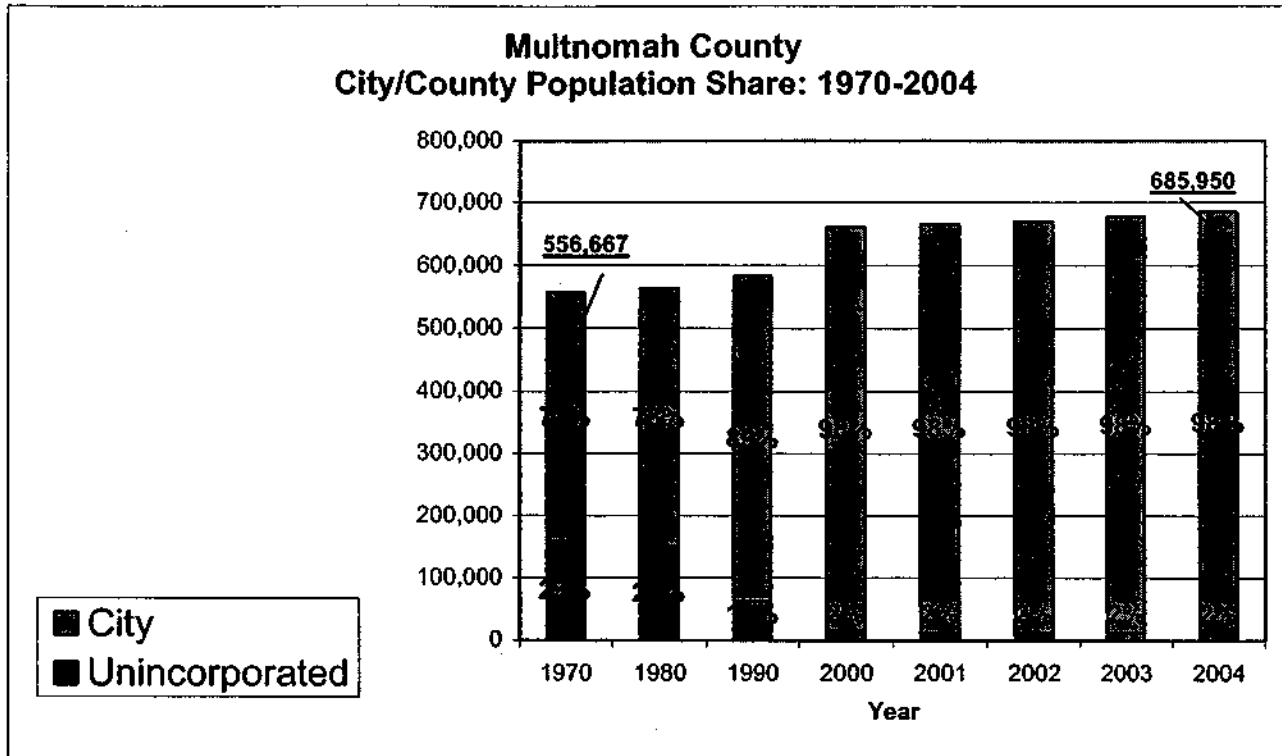


Figure 3: Multnomah County Growth: 1970-2004

### Washington County Population Trends: 1970-2004

Washington County's urban population grew 205 percent during the study period, from 156,304 residents in 1970 to 476,240 in 2004, by far the greatest growth of the three counties. The cities of Cornelius, Hillsboro, Sherwood and Tigard each grew by over 400 percent from 1970 to 2004. The share of unincorporated area population declined from 65 percent to 42 percent during this same time period, despite an increase in actual population. In the 1970s and 80s, population growth centered around the cities of Tigard, Beaverton and Hillsboro, but shifted to include the cities of Tualatin, Wilsonville and Sherwood in the 1980s and 90s.

The recent UGB expansions included a number of relatively small areas in Washington County, but were mostly focused on adding employment land, in contrast to the major expansion of the UGB in Clackamas County. Most of the UGB expansion areas in Washington County are adjacent to incorporated cities, and expected to be annexed as urbanization occurs. Figure 4, below, illustrated the effects of population growth and incorporation in Washington County during this period.

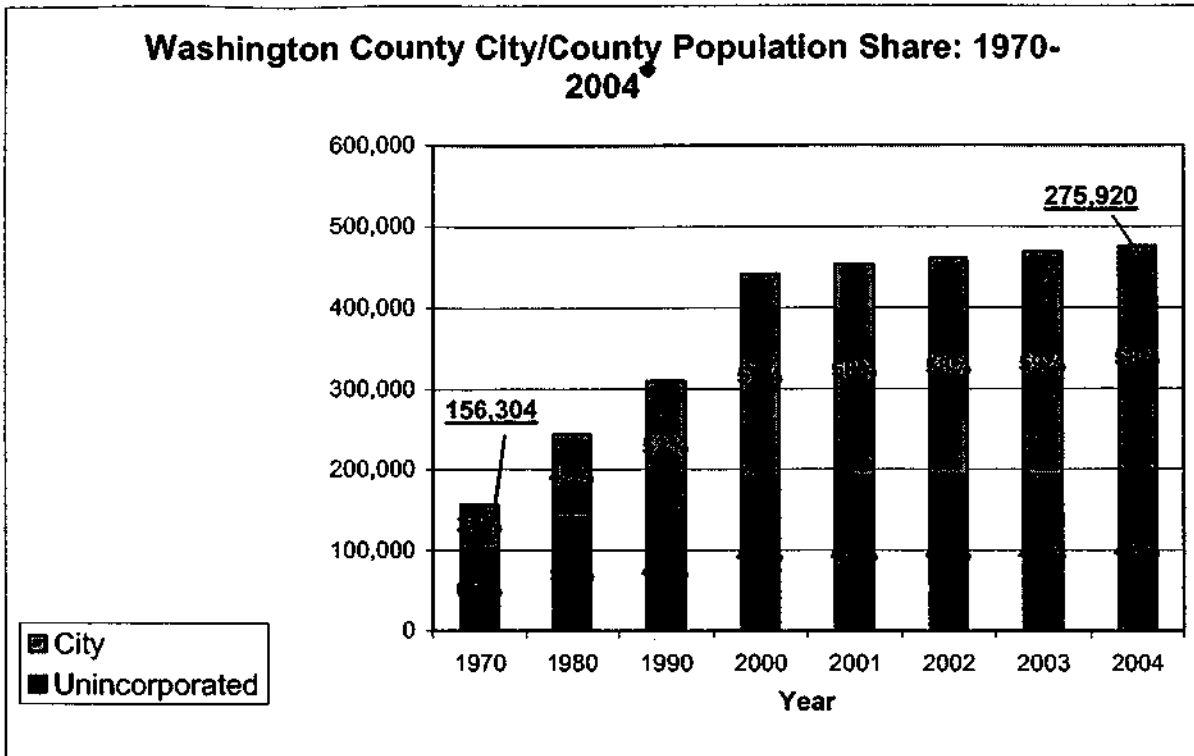


Figure 4: Washington County Growth: 1970-2004

### Transit District Population Trends: 1970-2004

The TriMet transit operations began in 1969, when the Tri-County Metropolitan Transit District of Oregon assumed service from the Rose City Transit company. TriMet’s jurisdiction covers the urban area, and some rural communities. In 1989, the City of Wilsonville withdrew from the TriMet district, forming the South Metro Area Rapid Transit (SMART) district. The Damascus and Molalla areas also withdrew at that time. In 2000, the City of Sandy withdrew from the TriMet district to form the Sandy Area Metro (SAM) district, and in 2002, the City of Canby withdrew to form the Canby Area Transit (CAT) district. Despite these reductions in the area of the TriMet district, the agency continues to provide service to the bulk of the Metro region, and most residents. Figure 5 (below) shows the comparative population within the region’s transit districts, and Figure 6 shows the percentage of the regional population located within each district, as well as the share of the tri-county population located outside any transit jurisdiction.

Figure 5: Population within Metro Region Transit Districts

	1970	2000
Tri-Met District	880,675	1,301,800
SMART (Wilsonville)	N/A	13,991
Canby District	N/A	12,790
Sandy District	N/A	5,385
Molalla District	N/A	5,647
Balance of Tri-county	N/A	144,889
<b>Tri-county Total</b>	<b>880,675</b>	<b>1,484,502</b>

Figure 6: Share of Metro Region Population within Individual Transit Districts

	<u>1970</u>	<u>2000</u>
Tri-Met (Metro)	100.0%	87.3%
SMART (Wilsonville)	0%	1.0%
Canby (City)	0%	0.9%
Sandy (City)	0%	0.4%
Molalla (City)	0%	0.4%
Balance of Tri-county	0%	10.0%
<hr/> Tri-county Total	<hr/> 100.0%	<hr/> 100.0%

## Conclusions

The population shifts from unincorporated to emerging municipal jurisdictions during the study period are significant, with municipalities growing dramatically both in area and population. While these municipalities have not uniformly assumed county roles in providing transportation services, they have assumed land use planning and permitting functions for all incorporated areas. This shift warrants consideration of greater representation of smaller municipalities within JPACT structure to ensure effective coordination between land use and transportation authorities in the development of regional transportation policy.

The changes to TriMet's district have been much less significant, with most of the withdrawn areas located outside the Metro boundary. However, there is clearly a need to more formally involve the emerging local transit districts, particularly Wilsonville SMART, in JPACT deliberations. This need warrants discussion as part of the review of JPACT's structure, and in response to the FHWA's specific recommendation to review this aspect of the Committee membership.

These considerations could be narrowly focused on JPACT membership, or could be included in a broader review of the JPACT bylaws, depending on need and Committee interest.

# Budgeting for Outcomes

Delivering Results Citizens Value at a Price They Are Willing to Pay



By David Osborne  
and Peter Hutchinson



**N**ative Americans have many sayings, and one of the wisest is this: When you're riding a dead horse, the best strategy is to dismount. Traditional budgeting, which focuses on costs rather than results, is the dead horse of the public sector. When we budget for costs, we get more of them. What we don't get is the innovation and accountability for results we need if we are to win the competition for public support.

Winning back the public support we have lost over the past 40 years is the greatest challenge we face in government today. Yet when faced with deficits, many governments resort to politically expedient budget and accounting practices that only deepen public cynicism. The public finance literature refers to such practices as "fiscal illusions," since they distort the ability of stakeholders to evaluate the true costs and benefits of government programs. Seven such illusions are particularly harmful to the financial credibility of state and local governments:

**1. Robbing Peter to pay Paul.** When that general fund gets in trouble, some leaders start eyeing "off budget" funds as resources to be mined. One state government helped balance its budget by transferring the cost of running a waterway system from the general fund ("on budget") to the toll road authority ("off budget"). Another state transferred management of a convention center and parking garage to the state pension fund to lower its cash contribution from the general fund. Technically, this allowed the state to show a savings of \$175 million. Robbing Peter to pay Paul can plug a hole to make the budget look better this year, but the same hole will reappear next year, when Peter and Paul will both be worse off.

**2. Using accounting gimmicks to disguise fiscal problems.** As the Enron debacle showed, accounting presents leaders with many dangerous choices. Quick-fix accounting gimmicks include pretending (or even requiring) that money you expect to receive early next year will actually come in late this year. The opposite side of the coin is to pretend (or even require) that expenses planned for this year will be made, technically, next year. For example, some states have informed school districts expecting a school-aid payment in the current fiscal year that they will not receive it until the next fiscal year, thus making the current year's

expenses look smaller. Similarly, some states have urged retailers that normally submit their June sales tax receipts in July (next fiscal year) to do so in June, thus propping up the current year's revenues. It's all legal and properly accounted for, but it does not reflect the government's true financial condition.

**3. Borrowing.** Even when the general fund is legally prohibited from being in debt, governments find ways to borrow. New York City mastered this dubious art in the 1970s, when it piled up so much debt that it landed in receivership. Both the city and state of New York are still trying to figure out when and how to pay off all the bonds issued back when New York truly was, in former Mayor John Lindsay's famous phrase, "Fun City."



During the current fiscal crisis, several states have proven that the "what me worry" politics of borrowing works for both political parties. Instead of making the difficult decisions necessary to secure their long-term fiscal health, these states borrowed their way to "balanced" budgets either through outright deficit financing or less transparent means such as pension obligation bonds. These maneuvers failed to convince the credit rating agencies, which in some cases lowered their ratings to junk-bond status.

**4. Selling off assets.** When times are tight, it is popular to sell surplus buildings, land, or other assets, and then use the proceeds to plug a hole in the operating budget by treating the real estate money as though it were "normal" revenue. For example, instead of resolving a significant structural budget problem, the leaders of one city government decided to sell the water and sewer

works to the off-balance sheet entity that operated it. A year later, the city sold \$51.2 million in tax and sewage liens—money due to the city that it not yet been able to collect—for \$32.2 million. The city has continued to rely on one-shot revenue sources to balance the annual budget, putting off the crisis for one more year.

**5. Making something up.** A budget is really just a forecast, a statement of expected revenues and expenses. If done correctly it can be a serviceable estimate. But in the end, every budget is based on assumptions, and you can make it look better or worse simply by changing those assumptions.

Ronald Reagan's approach in 1982 was a classic example of making the budget "work" by working the assumptions. To justify massive tax cuts, his budget director, David Stockman, forecast 5 percent growth for 1982. According to "supply side" theory, this would help create a \$28 billion surplus by 1986. As it turned out, the gross domestic product fell by 2 percent in 1982—and the largest deficits since World War II soon followed. In his memoirs, Stockman admitted that the entire effort, sardonically nicknamed "rosy scenario" by White House insiders, was a sham.

**6. Nickel and diming employees.** Too often, the political response to budget problems is symbolic. Leaders order coffee pots unplugged, travel budgets slashed, and consultants banned. To save energy, they force workers to endure hotter offices in summer and colder offices in winter. Some even outlaw potted plants. In one state last year, the governor ordered that every other light bulb in government buildings be unscrewed. While such actions may send a message, they have two critical consequences: they don't save much money and they kill morale.

**7. Delaying maintenance and replacement of assets (and relying on hope).** When our personal budgets get tight, we sometimes don't take our car in for its regular oil change, or we don't fix the crack in the driveway. We can save a little money now, but if a missed oil change leads to overheating, we can crack the engine block. The people who make Fram oil filters said it well: "You can pay me now or pay me later."

Fiscal illusions may help our leaders solve the math problem and claim that their budgets are balanced. But they fail utterly to address the real problem: how to deliver the results citizens want at the price they are willing to pay.

So does the other common dead horse solution: across-the-board cuts. Across-the-board cutting allows us to avoid the hard work of making choices, but it is nothing more than thinning the soup. Every time we use it, we pretend that everything our organizations do is equally valuable to our citizens. We also pretend that they won't notice. Done enough times, thinning the soup makes government services distasteful—contributing directly to lost citizen confidence.

## BUDGETING FOR OUTCOMES

In 2002, Gov. Gary Locke of Washington concluded that it was time to find a new horse. He turned traditional budgeting on its head—accepting the challenge of delivering results citizens valued at the price they were willing to pay. In so doing he literally

changed the rules of the budget game. His success has inspired others to follow. The City of Spokane and Snohomish County, in Washington, the cities of Azusa and Los Angeles, in California, and the State of Iowa have all embraced Budgeting for Outcomes. The State of Washington is now completing its second budget using these principles. "One of the lasting achievements of Gov. Gary Locke should be to make permanent the budget process he used two years ago," the Seattle Times recently editorialized. "The state is using it again, and it needs to keep using it after he is gone."

The following steps constitute the core of Budgeting for Outcomes:

**1. Set the price of government.** Establish up front how much citizens are willing to pay for the results they want from government: what percent of their personal income they are willing to devote to taxes, fees, and charges. Every jurisdiction has its own price, and it is usually quite stable over time. The price of government for the U.S. as a whole, including all federal, state, and local governments, has averaged about 36 percent of personal income for the last 50 years. History is a good guide, since leaders must ensure that the price they set is acceptable, adequate, and competitive.

**2. Set the priorities of government.** Define the outcomes that matter most to citizens, along with indicators to measure progress. Citizens don't think in terms of programs or activities (and certainly not in terms of departments). They want results—things like safety, jobs, and health. Elected officials need to find out and articulate what matters most to their constituents, using many of the same methods they use to get themselves elected:

- Polling—random sampling of public opinion.
- Focus groups—multiple discussions with randomly selected participants.
- Town hall sessions—multiple public discussions with whoever shows up (facilitated by experienced staff).
- Civic journalism—news media initiatives to engage readers, listeners, and viewers in interactive discussions, debates, and feedback about priorities.
- Web sites—feedback collected in response to efforts to heighten awareness.

Generally, you should select 10 or fewer outcome goals. In the end, these priorities should be expressed in citizen terms using indicators that citizens would use to assess progress. In choosing indicators:

- Include both subjective and objective measures (citizen perceptions of safety and the crime rate, for example).

- ☒ Don't settle for activity data that is readily available; commit to indicators of real results.
- ☒ Use an index if necessary to capture multiple sources of related data. Washington developed an index of health that combines data on the incidence of major diseases, for instance.
- ☒ In the end, the acid test is whether the priorities and indicators you have chosen make sense to citizens. Snohomish County in Washington literally put their priorities in the terms that citizens use. Here they are:
  1. **Transportation**—I want reasonable and predictable travel times.
  2. **Safety**—I want to feel safe where I live, work, and play.
  3. **Education**—I want kids in my community schools to pass the state school achievement tests.
  4. **Health and Vulnerability**—I want to improve the health of people in the community and reduce vulnerability of those at risk.
  5. **Community**—I want to live in a thriving community, one with infrastructure sufficient to support planned growth.
  6. **Preparedness**—I want my community to be prepared to respond to emergencies.
  7. **Effective, Efficient, and Transparent Government**—I want to get the level of service I need at an affordable price and see that my dollars are spent wisely.

**3. Set the price of each priority.** Divide total revenue among the priority outcomes on the basis of their relative value to citizens. Here again, ask citizens for guidance. Give them \$100 or 100 percent to divide among the priorities, based on their assessment of relative value. There is no right answer to this question—it is a matter of judgment. The goal is to put a relative value on each result citizens seek. Executives must make the final call, but knowing what citizens think makes their job a lot easier.

**4. Develop a purchasing plan for each priority.** Create “buyer teams” to act as purchasing agents for the citizens. Ask each one to determine what matters most when it comes to delivering its assigned result. This is a crucial step—and an exciting one. It challenges team members to get outside of their day-to-day work, step back, and explore which factors have the most impact on the desired result, whether they are part of what government does or not.

This means answering questions such as, “When it comes to student achievement (or the health of citizens, or decreasing congestion), which factors have the most impact, and how do different factors interact?” The answers can be compiled into cause-and-effect maps that provide the basis for deciding which routes to follow.

Creating such a map requires those involved to be clear about how they think activities add up to results. Doing so subjects each “theory of what matters most” to a challenge from every competing theory—exactly the kind of debate the budgetary process should stimulate.

These cause-and-effect maps help purchasers choose from among many possible strategies and to assign a relative priority to each. Washington State’s health team identified four possible strategies: increasing healthy behaviors (getting citizens to eat better, drink less, quit smoking, get more exercise, etc.); mitigating environmental hazards (ensuring cleaner water, air, and food); identifying and mitigating risk factors related to gender, socioeconomic hardships, and genetic predispositions; and providing access to appropriate physical and mental health treatment. These four strategies appeared on the state’s map.

When the team ranked these strategies in terms of their contributions to the end result, it decided that mitigating environmental hazards was most important, increasing healthy behaviors was second, providing access to health care was third, and mitigating risk factors was fourth. With limited resources, it decided to increase the state’s emphasis on the first two. Research data had convinced team members that this was the way to get the most bang for its buck, even though it meant reducing spending on more traditional—and highly expensive—patient care. In fact, their analysis showed that these two strategies would yield a 16-to-1 return on investment.

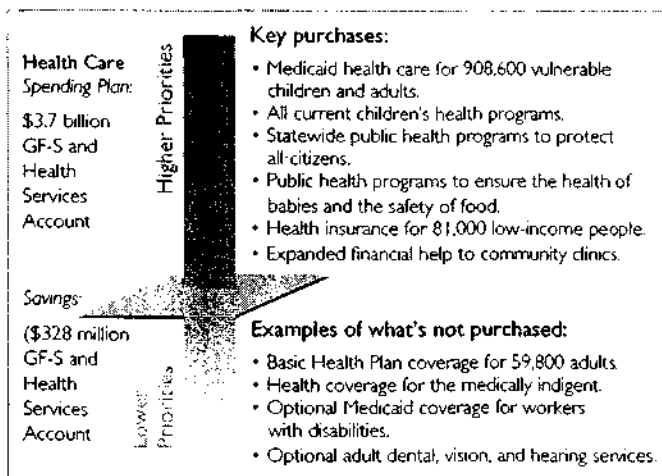
The old budget game would have led the health team to focus on the strategies with the greatest costs. The new approach required the team members to ignore last year’s numbers and figure out where the best results could be obtained for the money available.

**5. Solicit offers from providers to deliver the desired results.** With their outcome goals and strategies clearly in mind, buyers then solicit offers to see who can deliver the most results for the money. This is the step that departs most radically from the old budget game. Instead of asking agencies or departments to add or subtract from last year’s costs, the purchasing agents incorporate the results, price, and purchasing strategy they have settled upon into something like a request for proposals—call it a “request for results”. This solicitation replaces the traditional budget instructions. The request for results can be sent to all agencies and departments, to other governments, even to unions, nonprofits, and for-profit organizations. It asks each of these potential suppliers to identify how they would help deliver the expected results, and at what price.

In developing their responses, sellers need not, indeed cannot, take anything for granted. They must assume that for each result there will be many proposals from many potential sellers. If they expect to get funded, they have to offer up proposals that deliver the needed results at a competitive price. Since an individual bidder may choose to submit multiple proposals (for its various programs and activities), it is in a sense competing against itself. This forces it to challenge its own practices, to make them as competitive as possible.

Sellers are not limited by the past; the process encourages them to come up with new approaches and creative twists. Some will forge partnerships across departments or agencies, with other governments, and with nongovernmental organizations. The bidding process also encourages them to consider ways they could contribute to more than one of the priority outcomes. While it is challenging to bidders, the process also liberates them.

**6. Buy the best, leave the rest.** After the offers are in, the buyers must rank them in terms of results delivered per dollar, then move down the list, buying according to priority until available funds have been exhausted. Then draw a line. Those proposals above the line are in, the rest are out. This buying plan becomes the budget. It is a list of keeps, not cuts—positive choices for spending the citizens’ resources to buy the citizens’ results. The diagram below, from the Washington budget presentation, shows how this was done for the health result.



Laying out the budget this way is another radical departure. In tough times, the traditional process makes us put 100 percent of our time and energy into finding the 5 to 15 percent to cut. When we are done, we publish the list and set ourselves up for attack by the interests directly affected. In Budgeting for Outcomes our energies go into deciding what to keep, and where to draw the line. At

the end of this process, the support of those above the line can counterbalance the opposing arguments of those below.

**7. Negotiate performance agreements with the chosen providers.** Finally, frame the budget as a collection of performance agreements. These should spell out the expected outputs and outcomes, how they will be measured, the consequences for performance, and the flexibilities granted to help the provider maximize performance. As a result, accountability is built into the budget.

### LEADERSHIP THAT “CHANGES THINGS TO MAKE THINGS BETTER”

When Peter Hutchinson was superintendent of the Minneapolis Public Schools, his favorite activity was visiting classrooms. One day, in a fourth grade classroom, the teacher stopped the class to introduce him. She explained that he was the superintendent of schools and asked the class if anyone knew what a superintendent was.

Hands flew into the air. (Fourth graders are so enthusiastic about learning that they will take a stab at any question.) The teacher called on an eager young man who proudly announced that the superintendent was the guy in charge of Super Nintendo. The teacher allowed as how that was a very creative answer, then explained that the superintendent was the leader of the schools.

“Does anyone know what a leader is?” she asked. Hands flew again. The teacher called on a young girl in the back who was raising her hand so hard and high that Peter was afraid it might become detached from her body. She stood very straight and tall as she answered, “A leader is someone who goes out and changes things to make things better.” Hutchinson was stunned: A fourth grader had articulated perfectly what government needs—and what people expect.

It’s time for leaders to dismount the dead horse strategies that are taking us nowhere. Budgeting for Outcomes means saddling up to “change things to make things better.” Can we live up to that fourth grader’s expectations? Given what is at stake, do we have any other choice? **I**

This article is adapted from *The Price of Government: Getting the Results We Need in an Age of Permanent Fiscal Crisis*, a new book by DAVID OSBORNE and PETER HUTCHINSON (Basic Books, 2004). Both Osborne and Hutchinson are partners in the Public Strategies Group ([www.psg.us](http://www.psg.us)), a consulting firm whose mission is “transforming governance.”

# *East Multnomah County Transportation Committee*

*City of Fairview*

*City of Gresham*

*City of Troutdale*

*City of Wood Village*

*Multnomah County*

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September 12, 2005

Metro

Attn: Honorable President David Bragdon &  
Metro Councilors  
600 N.E. Grand Ave.  
Portland, Oregon 97232-2736

Subject: Scope of East County N/S Comprehensive Study

By letter dated August 26, 2005, the Cities of Wood Village, Fairview and Troutdale recommended that Metro's pending East County N/S Comprehensive Corridor Study should also include analysis of the 181<sup>st</sup> Ave. (I-84 to Powell Boulevard) corridor in addition to the 242<sup>nd</sup> Ave./Hogan Rd. and 257th Ave./Kane Rd. corridors recommended by the DKS Associates study recently prepared for the City of Gresham.

We recognize the need for a comprehensive analysis to determine how all modes will be accommodated and the necessity of including all potential corridors. There is also the outstanding Regional Freight Study that will provide a better understanding of inter- and intra-regional freight movement. It might be best to view the results of that study prior to selecting alternatives for a N/S corridor in East Multnomah County.

On September 12, 2005, the East Multnomah County Transportation Committee (EMCTC) passed a motion recommending that the Corridor Study also include the 207th Ave./Glisan St./223<sup>rd</sup> Ave. corridor in addition to the routes identified by DKS Associates and the three Cities. Additionally, EMCTC recommends that Metro consider E/W corridors to facilitate traffic demands from developing areas such as the Springwater and Damascus communities.

Sincerely,



Lonnie Roberts  
Chair, EMCTC

cc: EMCTC

## 2005-06 JPACT Upcoming Topics

### September '05

- ❖ Expanded RTP Update
- ❖ Corridor Priorities
- ❖ ODOT Innovative Partnerships

### October '05

- ❖ Between-sessions Lobbying Effort
- ❖ Damascus Concept Plan
- ❖ RTO Program Update
- ❖ Transportation Planning Rule - Round 2

### November '05

- ❖ Oregon MPO Consortium
- ❖ 2040 Update Scoping Review

### December '05

- ❖ 2006 Congressional Visit Planning
- ❖ Newberg-Dundee Bypass

### January '06

- ❖ RTP Scoping Phase Review
- ❖ Adopt Federal Appropriation Priorities

### February '06

- ❖ February 28<sup>th</sup> to March 2<sup>nd</sup> - DC Lobby Trip

JPACT Finance Committee  
Draft Fall Workplan

September 22

- Oregon Legislature Debrief—What happened; What it means; Next steps
- SAFETEA-LU Update—Work ahead
- Projects of Statewide Significance—Costs vs. Revenue
- Cost of Congestion Study Update
- JPACT Fall Workplan

October 27

- Cost of Congestion Study—Entire Meeting with Consultants

November

- General Tolling Issues and Opportunities
- Transit Objectives—Costs vs. Revenue
- Ballot measure issues

December

- Organizing for next session and ballot measure

## C. EXECUTIVE SUMMARY

### THE PROJECT

The Newberg-Dundee Transportation Improvement Project (the Project) is one of the most interesting projects under consideration by the Oregon Innovative Partnerships Program because:

- The Project is well defined
- The Project is of sufficient scale to justify a public private partnership without having the challenges of a "mega project"
- It enjoys very strong local community support and meets a pressing transportation need
- The Project is relatively well advanced, in particular through the Tier 1 EIS, and could achieve financial close within a relatively short timeframe
- There remains considerable scope for private sector innovation to further develop the Project and reduce costs

We are therefore very pleased to submit this proposal and look forward to the opportunity to contribute to the successful development and implementation of the Project.

### KEY FEATURES OF OUR PROPOSAL

- **Outstanding World Class Experience:** OTIG team members have unparalleled experience of development, delivery and financing of highways in North America and around the world. We are committed to delivery of a high quality Project on an aggressive timetable through the use of innovative development, construction and financing methods.
- **Commitment to ODOT and the Community:** OTIG recognises the primary importance of working in partnership with ODOT to gain the confidence of all stakeholders and to ensure continued accountability throughout the Pre- Development and Implementation Phases.
- **Commitment of staff and financial resources:** OTIG has invested significant resources in gaining the Project understanding to submit this proposal and is excited by the opportunity to contribute key people and funding to turn the Project into reality.
- **Unrivalled Competitiveness:** OTIG believes that our proposal to fund up to \$7.5million of Pre-Development costs combined with our commitment to a transparent and competitive Implementation Phase offers ODOT demonstrable value for money.

### THE TEAM

The Oregon Transportation Improvement Group (OTIG) brings together some of the world's most experienced organizations in private toll road development, design and financing. OTIG's credentials should assure the Oregon Department of Transportation (ODOT) and other stakeholders of the professional, efficient and successful development and implementation of the Newberg-Dundee Transportation Improvement Project.

OTIG is an unincorporated consortium lead by the Macquarie Group, whose key members in respect of this Project are:

- Macquarie Infrastructure Group (MIG)  
MIG is the Major Partner for the Project. MIG will be the 100% owner of Newberg-Dundee Concession Company LLC, the Proposer and Developer for the consortium. The Developer





has not yet been established but will be incorporated immediately upon OTIG being selected as the preferred Developer for the Project. MIG will establish and own the Developer, provide development support and is intended to provide the equity required to implement the Project.

MIG is an Australian Stock Exchange listed vehicle managed by wholly-owned subsidiaries of Macquarie Bank Limited (MBL) (discussed below). MIG focuses exclusively on toll road investments in OECD countries. As of 30 June 2005, MIG had net assets of \$9.441498 billion and a market capitalization of \$6.75 billion. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries, including the SR125 and the Chicago Skyway in the United States and the Highway 407 in Canada. Collectively MIG assets employ over 1,000 staff.

— **Macquarie Securities (USA) Inc (MSUSA)**

MSUSA is the Financial Advisor for the OTIG consortium. MSUSA is a wholly owned subsidiary of Macquarie Bank Limited and is a US Corporation incorporated in the State of Delaware. MSUSA may consult with and seek input from its affiliates, including Macquarie North America Ltd. (MNAL). However, all activities are subject to US securities laws and to the extent required by those laws, will be conducted by MSUSA. MSUSA has 60 professional staff focusing exclusively on infrastructure projects and enjoys the full support of the Macquarie Group.

— **Macquarie Bank Limited (MBL)**

MBL is the parent company for MSUSA and the fund manager of MIG. MBL is incorporated in Australia and listed on the Australian Stock Exchange. MBL has, as of March 31, 2005, balance sheet assets of over \$37.34 billion, a market capitalization of \$8.14 billion and managed funds of over \$67.34 billion, including over \$15 billion of specialist infrastructure funds, and over 6,500 staff located in 44 offices worldwide. Other members of the Macquarie Group, such as other investment funds or our property development and investment businesses, may become involved in the Project if required.

Macquarie Group is supported by:

Hatch Mott MacDonald (HMM), who will act as the technical advisor to OTIG. HMM is a leading North American engineering consulting firm with over a century of experience in planning, engineering and program/construction management for projects around the world. With a staff of over 1000 in 33 offices in North America, and staff resources exceeding 12,000 worldwide, they can respond quickly and cost-effectively to any project demands. HMM is a worldwide leader in all phases of public-private ventures for transportation projects.

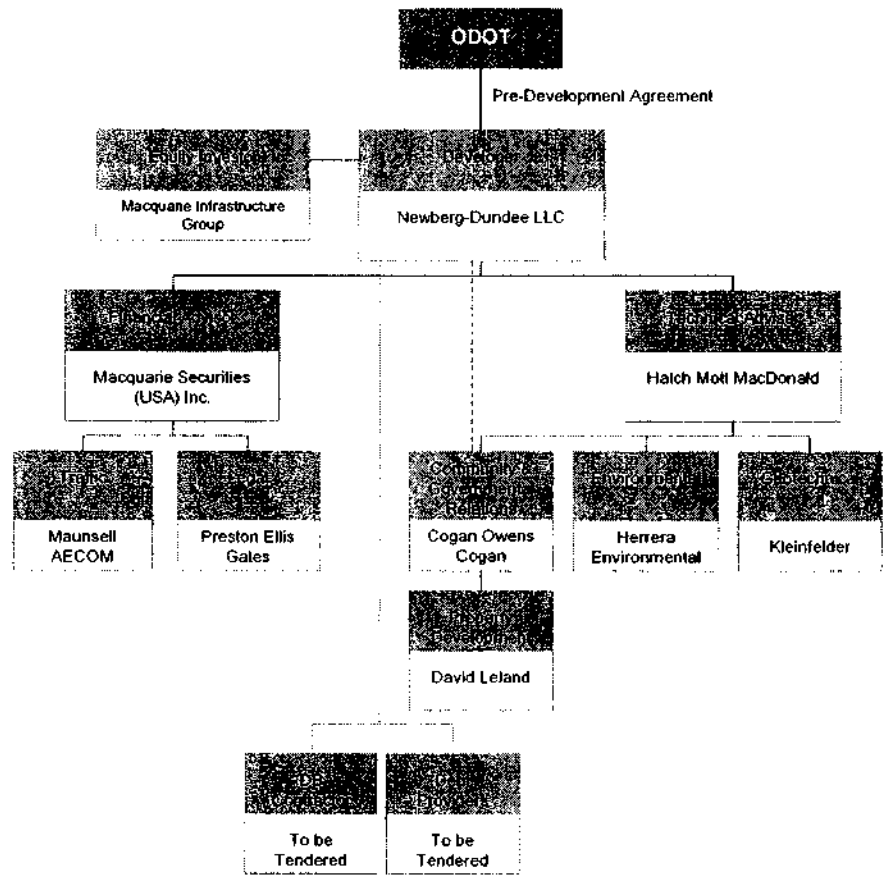
Macquarie Group and HMM have assembled a first class team of local sub-consultants and advisors who have a comprehensive understanding of the challenges facing the Project. These include:

- Preston Ellis Gates (Preston) who will act as OTIG's Legal Counsel
- Cogan Owens Cogan LLC (COC) and Frank Wilson & Associates who will act as OTIG's public and government communication specialists.
- Maunsell who will act as traffic forecasting consultants
- Herrera Environmental Consultants who will act as OTIG's environmental consultants
- Kleinfelder who will act as OTIG's geotechnical and environmental engineering consultants
- David Leland who will act as OTIG's property development and land use planning consultant



MSUSA will be primarily responsible for managing the commercial and financial consultants and HMM will be primarily responsible for managing the technical consultants as illustrated in the following organizational chart.

OTIG Organizational Structure



The commercial and financial strengths of the Macquarie Group combined with the technical expertise of HMM and its local sub consultants will provide all the skills and experience necessary to advance the Project through the Pre-Development Phase.

OTIG has made the conscious decision not to include a Design-Build Contractor in the consortium at this stage. We believe that there are a number of contractors capable of constructing the Project and that we can best maintain competitive tension and reduce the costs of the Project by appointing a Design-Build Contractor during the Pre-Development Phase. This is considered a normal sequence of events for publicly funded infrastructure projects. There is even more incentive/justification to pursue this approach for a PPP Project.

Additional team members will also be added during the Pre-Development Phase. These will include:

- Operations and Maintenance Contractors or consultants, if the Developer chooses to self perform O&M
- Insurance Consultant
- Lender's Engineer



- Lender's Traffic Consultant
- Lender's Legal Counsel
- Specialist tax and accounting advisors

OTIG intends to structure its team to ensure the closest possible integration with ODOT and its consultants during the Pre-Development Phase.

OTIG has satisfied all of the submission requirements of the RFP.

## QUALIFICATIONS AND EXPERIENCE

OTIG's members are unique in having significant experience both as private sector road developers and in advising public sector agencies on road development. This gives OTIG a depth of experience which will facilitate a genuine partnership with ODOT to ensure that the benefits of the Project are achieved.

Member	Establishment Date	Highlights of Qualifications and Experience
Macquarie Infrastructure Group	1996	MIG is one of the largest developers and owners of toll roads in the world. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries. MIG's portfolio covers the full life cycle of toll road projects, from greenfield developments to mature toll roads. MIG's North American portfolio includes investments in the 407 ETR (Ontario, Canada), Chicago Skyway and SR 125 (San Diego).
Macquarie Bank Limited (USA)	1994	MSUSA is a wholly owned subsidiary of Macquarie Bank Limited. The Macquarie Group is a global leader in toll road financial advice, development and management. Recent North American projects include Sea-to-Sky (BC, Canada), Chicago Skyway, SR 125 (San Diego), and Highway 407 (Ontario, Canada).
HMM	1972	HMM has an international track record in the design and management of some of the world's most prominent transportation infrastructure projects. HMM is currently undertaking the Independent Engineer role on three major construction projects: the 68 mile Channel Tunnel Rail Link in the UK; the 216 mile Taiwan High Speed Rail Project and the Kaohsiung Metro. HMM also worked with the Macquarie Group in the successful consortium for the Sea-to-Sky Highway Upgrades in British Columbia, Canada.  Mott MacDonald was established in 1902.
Coburn Owens Copan	1975	COC has a national reputation in the field of public involvement, intergovernmental relations and communication. COC has designed and managed



		<p>hundreds of public and stakeholder outreach projects for local, regional and state government agencies throughout Oregon and the Pacific Northwest. In addition, COC has significant experience working with ODOT and other transportation agencies on public involvement and intergovernmental relations.</p> <p>Frank Wilson &amp; Associates will assist COC in their public involvement efforts</p>
Maunsell Australia, Inc.	1955	<p>Maunsell is one of the world's most respected traffic forecasting consultants. The firm has a long history of advising toll road owners, operators and lenders. Over \$8 billion of investments, including Chicago Skyway, as well toll roads in Australia, Europe, Asia and the United States have been financed based on Maunsell's traffic and revenue forecasts.</p>
Preston Ellis Gates, Inc.	1883	<p>Preston Ellis Gates is one of the most respected law practices in the northwestern United States and draws on the experience of more than 430 attorneys practicing in 11 locations on the West Coast, in Washington D.C., and in Asia.</p>
Hererra Environmental Consultants	1980	<p>Hererra has significant experience preparing project-specific and programmatic documents under SEPA and NEPA and Section 4(f) [which legislation]. In addition to environmental documentation preparation, Herrera staff are experienced in site and alternative selection; coordination and interaction with the public; preparation of mitigation plans; and permit support. Recent experience includes work on the US89 Improvements Project in Montana and the Sound Transit light rail line.</p>
Kleinfelder	1961	<p>Kleinfelder is recognized leader in solving large-scale and complex problems in relation to transportation, infrastructure, industrial, commercial and residential projects, for both the private sector and public agencies.</p>

## Project Approach

### Alignment of Public and Private sector interests

OTIG intends to closely align its incentives with those of ODOT. OTIG has in this Proposal disclosed its expected fees and investment return requirements in respect of the Project. OTIG has a common objective with ODOT of achieving the lowest possible cost in relation to the Design-Build contract, long term operations and maintenance and debt financing. OTIG will use its professional experience, expertise and knowledge of the marketplace, which should ensure that there is a competitive outcome in these key areas of Project viability.

OTIG is proposing the formation of task forces for each of the Key Elements of the Project. The task forces will consist of members from both the OTIG consortium and ODOT consultants. These



task forces will work closely to resolve issues, set standards and ensure that the Project moves forward in an organized manor. Each task force will report to the steering committee, which consists of ODOT's Project Manager, OTIG's Project Manager and Deputy Project Managers.

#### **Ensuring Competitive Outcomes**

Under OTIG's Project Development approach almost 85% of Project costs will be subject to competitive tender, with the majority of the remaining costs disclosed upfront.

We believe this approach offers substantial benefits to ODOT compared to having the providers of these significant cost components predetermined prior to competitive tender.

#### **Synergies of Developing Multiple Projects**

OTIG's approach offers ODOT the opportunity to select one Developer for all three Projects (Newberg- Dundee, South I-205 Corridor and the Sunrise Project) with the confidence that a competitive selection process will be run for the Design-Build contract in each case. This may mean that there are three separate Design-Build contractors across the Projects.

Selection of one Developer would generate significant synergies, as certain issues for all three Projects could be resolved concurrently but the majority of the Pre-Development and Implementation work would be sequential. As there will be significant overlap in the Pre-Development phase of the Projects, this will benefit the allocation of ODOT resources and ensure that there is a general consistency of approach, particularly in relation to tolling system interoperability of tolling systems and the economies of scale in operating and maintenance activities. OTIG would also be able to **offer a discount of 30% in our forecast development costs** across the three Projects compared to being selected for just one of the Projects.

#### **Open Book**

OTIG is committed to an "open book" partnership with ODOT, including joint analysis and consultative decision making in respect of major inputs to the financial model to ensure a competitive outcome.

#### **Flexibility**

OTIG's preliminary due diligence provides us with significant confidence that the Newberg-Dundee Project can be successfully developed as a public-private partnership. OTIG, however, recognizes that at this relatively early stage of conceptual development, there may be a number of options under consideration to ensure the ultimate success of the Project. OTIG has a disciplined approach which should ensure that development work proceeds in the most cost effective and timely manner possible. This includes ensuring that flexibility is not compromised by advancing certain areas of the Project development ahead of others. This is a common problem in our experience. In particular, technical work streams can often move ahead of commercial and financial developments, resulting in cost overruns or scope issues that later need to be modified. OTIG's disciplined approach ensures that focus is directed to key development decisions exactly when required. The members and structure of OTIG's team enhance this flexible approach as OTIG's motivation is to optimize the Project rather than drive decisions in any particular direction.

#### **Key Issues**

In this respect, OTIG sees the key issues for the Project as follows:

- **Traffic and toll revenue forecasts:** Detailed investment grade traffic and revenue forecasts will be the key driver for the financial structure of the Project and are likely to have significant



influence on decision making. OTIG's preliminary analysis indicates that the Project is likely to be financeable on a standalone basis supported by toll revenues alone, but only if all corridor traffic is tolled rather than having the bypass compete with the existing free alternative. It is important to note that benefits also accrue to the local areas as trucks and other vehicles will tend to use the bypass if tolls are levied on both routes. This creates both political and technical challenges. The Projects overall would benefit from the system-wide tolling policy which we understand is currently being developed by ODOT. OTIG is able to offer its significant worldwide tolling experience to support development of this policy.

- **Alternative Revenue Sources:** In the event that toll revenues alone are insufficient, attention will need to be focused on alternative revenue sources. This could include support from State, county and / or municipal levels of government. OTIG's general preference would be to explore "shadow tolling" solutions in which public sector payments, if required, are made over the long term and linked to the performance of the Project. We believe this offers a better risk transfer solution to the public sector. However, OTIG is flexible if it is institutionally easier for public sector contributions to be made in the form of upfront grants.
- **Financing Plan:** OTIG is very flexible in terms of the sources of finance for the Project. The Macquarie Group is a provider of equity finance for the Project and uses its knowledge and experience to secure the most competitive possible sources of debt finance. We are relatively indifferent as to whether debt funding is provided by the US bond market or alternative markets such as the international syndicated bank market (which was the source of debt financing for our recent SR125, Chicago Skyway and Sea to Sky acquisitions). Our objective is to obtain the best overall financing for the project based on cost, terms and flexibility. The Macquarie Group has been a pioneer in integrating public and private sources of finance, for example being the first to combine TIFIA financing with private sector debt and equity for the SR 125 acquisition.
- **Public Support:** The Newberg-Dundee Project is a much needed project to relieve freight and passenger vehicle congestion. The project has a broad base of support in the community. OTIG will continue collaborative work with local communities and stakeholders to ensure continued public support for the Project. CS<sup>3</sup>, public involvement and clear and frequent communications will be instrumental to successful project implementation.
- **Safety:** The bypass will be constructed according to ODOT and FHWA standards to ensure the Project meets all state and federal safety requirements. Improved geometry at the McDougall Corners Intersection is one example of how safety will be improved.
- **System Expansion:** OTIG is proposing to expand the bypass by an additional eight miles to just beyond McMinnville. This should relieve congestion and improve safety for a greater number of people. Further improvements on OR 18 to the coast and on OR 99W to Sherwood and Tualatin are options that can be discussed with ODOT.
- **Right of Way:** The acquisition of right of way will be critical to project success. It is anticipated that the OTIG consortium will support ODOT but responsibility for purchasing right of way will remain with ODOT.
- **Context Sensitive Sustainable Solutions (CS<sup>3</sup>):** OTIG intends to fully embrace and enact ODOT's new decision making framework to preserve Oregon's scenic, aesthetic, diversity, economic and other community values while building safe and enduring projects.



### Compensation and Risk

OTIG currently considers that the Pre-Development Phase of the Project can be completed in nine months from the date of selection of the Preferred Developer. This is a relatively aggressive schedule which would demand significant resources and commitment from ODOT and OTIG. We propose to divide the Pre- Development Phase into three major milestones with the majority of costs to be incurred during the later milestone stages. Progress through the milestones would be dependent on ODOT and OTIG reaching agreement before moving to the next stage. Parties would be able to terminate the agreement if common understanding could not be reached.

OTIG's envisages three major milestone phases:

1. The first milestone would be to establish the commercial and financial viability of the Project based on relevant cost and revenue parameters. OTIG anticipates that this phase would take approximately three months from selection of OTIG as the preferred Developer. This milestone would allow OTIG and ODOT to proceed into subsequent phases with confidence in the underlying feasibility of the Project.
2. The second milestone would be the development of the Implementation Agreement and the procurement process for the Design-Build and financing elements of the Project. This phase would be intense for the legal and procurement teams of both ODOT and OTIG and would result in a firm contractual basis for the Implementation Phase. By completion of this milestone, which OTIG anticipates could be achieved five months following selection as Preferred Developer, the Project would be developed to the stage where pricing and risk allocation could be undertaken.
3. The third milestone would be Commercial and Financial Close for the Project. To achieve this milestone, the Design Build Contract would be tendered and financial markets would be approached to provide committed debt finance. At completion of this stage, the Implementation Agreement would be finalized and ready for execution by OTIG and ODOT, the Developer would have its sub-contract agreements substantially in place and would have achieved fully committed financing.

These milestones can be broadly summarized as OTIG is prepared to accept significant risks associated with the development phase of the Project. However, there are certain risks which we believe only ODOT can effectively manage in accordance with the agreed Project schedule:

- Political and community approvals for the project, including particularly the tolling regime for the Project
- Identifying in consultation with the Developer alternative sources of funding or revenues should tolling revenues be forecast to be insufficient
- Execution by the State and all other necessary regulatory bodies of the Implementation Agreement
- Acceptance of project specifications and performance standards
- Obtaining the required environmental approvals for the Project, subject to the Developer being responsible for ensuring that the detailed design complies with these approvals
- Obtaining the right of way for the Project
- Negotiating and signing utility relocation agreements

Secondly, OTIG is prepared to bear a significant portion of the development costs of the Project, but will expect compensation from ODOT in the event that the Project does not proceed as a result



of factors within ODOT's control. The overall budget estimate for the Pre- Development Phase is \$7,500,000 with a summary below broken down into activities and milestone stages.

Project Milestone	Budgeted Out of Pocket Costs	Advisory & Developer Fee
Development Plan (3 months)	\$1,000,000	\$750,000
Procurement Plan and draft Implementation Agreement (2 months)	\$1,500,000	\$750,000
Implementation Plan and Financing Plan (4 months)	\$2,500,000	\$1,000,000
<b>TOTAL</b>	<b>\$5,000,000</b>	<b>\$2,500,000</b>

This represents the maximum exposure to ODOT in the event the Project does not proceed. The budget includes a fee payable to OTIG in addition to reimbursement of direct costs in the event that the project is terminated, or does not proceed on schedule.

Wherever possible, OTIG has negotiated or intends to negotiate fee arrangements with its consultants which defer costs until Commercial and Financial Close for the Project, thereby mitigating ODOT and OTIG's risk during the Pre Development Phase.

### Implementation Phase Costs

It is premature to determine the costs of the Implementation Phase in this Proposal and as discussed, the majority of these costs will be competitively tendered and established during the Pre-Development Phase. Implementation Costs are intended to occur after Commercial and Financial Close and therefore would be incurred by the Project Vehicle and not by ODOT.

OTIG has a strong incentive to minimize these costs in the interests of ensuring a successful outcome to the Project.

OTIG is also prepared to commit to its return parameters in the Implementation Phase, as follows:

- **Equity Return:** which refers to the post Project Vehicle Tax Internal Rate of Return on equity and quasi-equity investment of the project over the length of the concession. MIG has one of the lowest costs of capital for investments in the market as a function of its diversified portfolio, listed status and market capitalization size. MIG is prepared to commit that, subject to its normal investment parameters as described in this Proposal, it will seek a base case target IRR of 12.50% to 15.00% (based on current US\$ Treasuries yields at 4.43%) The range reflects the varying levels of risk transferred to the Developer through the Implementation Agreement negotiations. Please also note that upside case analyses may exceed this range.
- **Financial Advisory Fee:** MSUSA will not earn any fees, commissions or interest income in respect of the equity or debt structure of the Project other than the disclosed Financial Advisory Fee and Debt Arranging Fee and is incentivised to use its worldwide experience to obtain the most competitive possible financing for the Project. The Financial Advisory Fee for providing this expertise will be 1.00% of the total finance raised (both debt, equity and quasi equity for the Project) and the Debt Arranging Fee will be 0.50% of the total debt finance





raised. These fees would be payable from drawdown of the Project Financing at Financial Close.

- **Advisory and Development Fee:** MIG will provide its development expertise and will fund development costs in return for a Development Fee of \$1.25 million payable at Financial Close. MSUSA will provide its expertise to the project in return for an Advisory fee of \$1.25 million payable at Financial Close.

These fees would be in addition to the recovery of all out of pocket expenses incurred during the Pre-Development and Implementation Phases and would be amended, in consultation with ODOT, in the event the project schedule is extended. These fees will be subject to a dollar minimum should ODOT choose to fund the Project materially with public grant money.

**Benefits to ODOT**

The major benefits to ODOT from our proposed approach to risk and compensation are:

- ODOT benefits from OTIG's project and cost management expertise proven in numerous competitive tenders. As the Developer is funding costs through the Pre- Development Phase, we have every incentive to minimize these costs while still ensuring that work proceeds towards a successful Project outcome
- ODOT avoids funding any development costs except in the event the Project does not proceed. ODOT has the ability to mitigate its termination costs if there are early indications that the Project is not viable.
- Macquarie's time and internal expertise is at risk based on successful outcomes.
- ODOT is assured of a competitive outcome to the Implementation Phase and the Developer's fees and returns are transparent and declared up front.



## C. EXECUTIVE SUMMARY

### THE PROJECT

The South I205 Corridor Project ("the Project") is the most exciting of the projects under consideration by the Oregon Innovative Partnerships Program because:

- The corridor is of critical importance to transportation mobility in the Portland metropolitan area, with high existing traffic levels, significant periods of congestion and likely strong growth rates.
- The corridor as a whole would be a strong candidate for network tolling. Alternatively a viable project could likely be based on a managed or HOT lanes concept which tolls only the additional capacity.
- Early private sector involvement has the potential to significantly enhance the Project and contribute to successful development

We are therefore very pleased to submit this proposal and look forward to the opportunity to contribute to the successful development and ultimate implementation of the Project.

### KEY FEATURES OF OUR PROPOSAL

- **Outstanding World Class Experience:** OTIG team members have unparalleled experience of development, delivery and financing of highways in North America and around the world. We are committed to delivery of a high quality Project on an aggressive timetable through the use of innovative development, construction and financing methods.
- **Commitment to ODOT and the Community:** OTIG recognises the primary importance of working in partnership with ODOT to gain the confidence of all stakeholders and to ensure continued accountability throughout the Pre- Development and Implementation Phases.
- **Commitment of staff and financial resources:** OTIG has invested significant resources in gaining the Project understanding to submit this proposal and is excited by the opportunity to contribute key people and funding to turn the Project into reality.
- **Unrivalled Competitiveness:** OTIG believes that our proposal to fund a Scoping Study plus further Pre-Development costs combined with our commitment to a transparent and competitive Implementation Phase offers ODOT demonstrable value for money.

### THE TEAM

The Oregon Transportation Improvement Group (OTIG) brings together some of the world's most experienced organizations in private toll road development, design and financing. OTIG's credentials should assure the Oregon Department of Transportation (ODOT) and other stakeholders of the professional, efficient and successful development and implementation of the I205 South Corridor Project.

OTIG is an unincorporated consortium lead by the Macquarie Group, whose key members in respect of this Project are:



— **Macquarie Infrastructure Group (MIG)**

MIG is the Major Partner for the Project. MIG will be the 100% owner of South I-205 Concession Company LLC, the Developer for the consortium. The Developer has not yet been established but will be incorporated immediately upon OTIG being selected as the preferred Developer for the Project. MIG will establish and own the Developer, provide development support and are intended to provide the equity required to implement the Project.

MIG is an Australian Stock Exchange listed vehicle managed by wholly-owned subsidiaries of Macquarie Bank Limited (MBL) (discussed below). MIG focuses exclusively on toll road investments in OECD countries. As of 30 June 2005, MIG had net assets of \$9.441498 billion and a market capitalization of \$6.75 billion. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries, including the SR125 and the Chicago Skyway in the United States and the Highway 407 in Canada. Collectively MIG assets employ over 1,000 staff.

— **Macquarie Securities (USA) Inc (MSUSA)**

MSUSA is the Financial Advisor for the OTIG consortium. MSUSA is a wholly owned subsidiary of Macquarie Bank Limited and is a US Corporation incorporated in the State of Delaware. MSUSA may consult with and seek input from its affiliates, including Macquarie North America Ltd. (MNAL). However, all activities are subject to US securities laws and to the extent required by those laws, will be conducted by MSUSA. MSUSA has 60 professional staff focusing exclusively on infrastructure projects and enjoys the full support of the Macquarie Group.

— **Macquarie Bank Limited (MBL)**

MBL is the parent company for MSUSA and the fund manager of MIG. MBL is incorporated in Australia and listed on the Australian Stock Exchange. MBL has, as of March 31, 2005, balance sheet assets of over \$37.34 billion, a market capitalization of \$8.14 billion and managed funds of over \$67.34 billion, including over \$15 billion of specialist infrastructure funds, and over 6,500 staff located in 44 offices worldwide. Other members of the Macquarie Group, such as other investment funds or our property development and investment businesses, may become involved in the Project if required.

Macquarie Group is supported by:

Hatch Mott MacDonald (HMM), who will act as the technical advisor to OTIG. HMM is a leading North American engineering consulting firm with over a century of experience in planning, engineering and program/construction management for projects around the world. With a staff of over 1000 in 33 offices in North America, and staff resources exceeding 12,000 worldwide, they can respond quickly and cost-effectively to any project demands. HMM is a worldwide leader in all phases of public-private ventures for transportation projects.

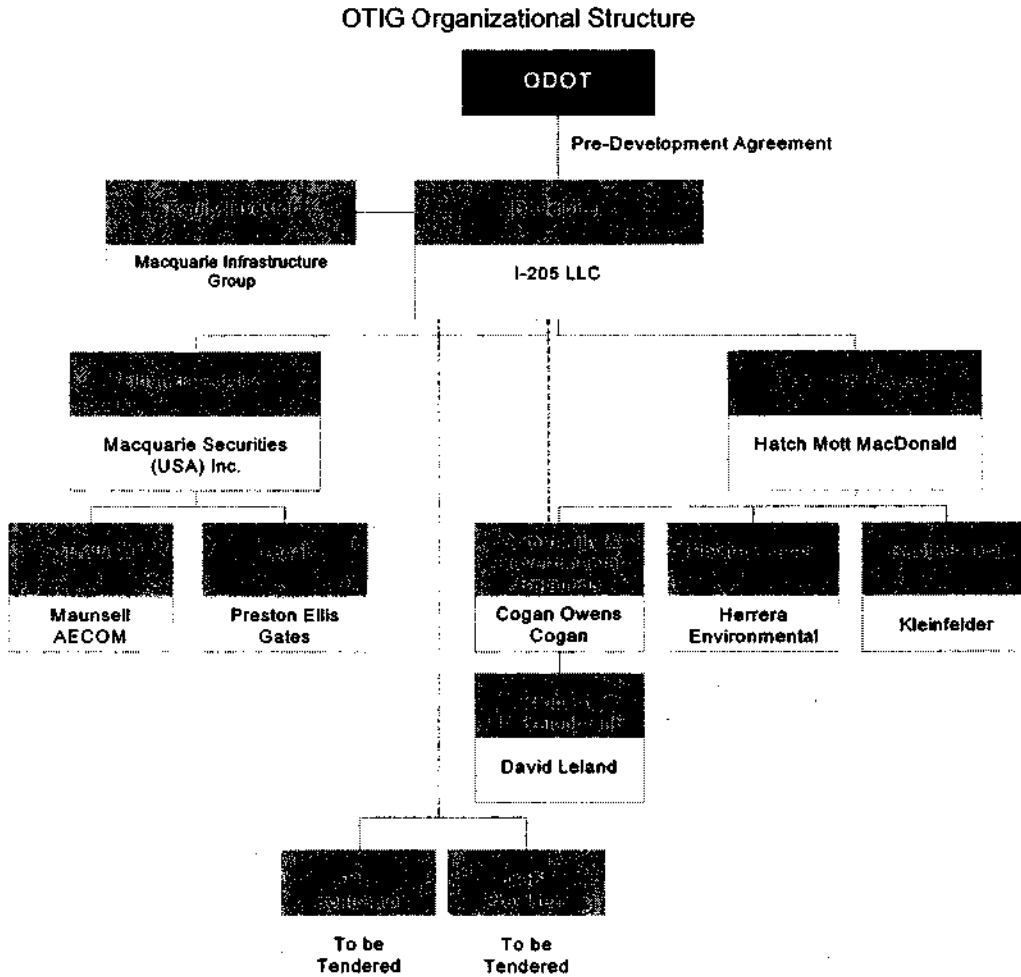
Macquarie Group and HMM have assembled a first class team of local sub-consultants and advisors who have a comprehensive understanding of the challenges facing the Project. These include:

— **Preston Ellis Gates (Preston) who will act as OTIG's Legal Counsel**



- Cogan Owens Cogan LLC (COC) and Frank Wilson & Associates who will act as OTIG's public and government communication specialists.
- Maunsell who will act as traffic forecasting consultants
- Herrera Environmental Consultants who will act as OTIG's environmental consultants
- Kleinfelder who will act as OTIG's geotechnical and environmental engineering consultants
- David Leland who will act as OTIG's property development and land use planning consultant

MSUSA will be primarily responsible for managing the commercial and financial consultants and HMM will be primarily responsible for managing the technical consultants as illustrated in the following organizational chart.



The commercial and financial strengths of Macquarie combined with the technical expertise of HMM and its local subconsultants provide all the skills and experience necessary to advance the Project through the Pre- Development Phase.

OTIG has made the conscious decision not to include a Design-Build Contractor in the consortium at this stage. We believe that there are a number of contractors capable of constructing the Project and that we can best maintain competitive tension and reduce the costs of the Project by appointing a Design-Build Contractor during the Pre-Development



Phase. This is considered a normal sequence of events for publicly funded infrastructure projects. There is even more incentive/justification to pursue this approach for a PPP Project.

Additional team members will also be added during the Pre-Development Phase. These will include:

- Operations and Maintenance Contractors
- Insurance Consultant
- Lender's Engineer
- Lender's Legal Counsel
- Specialist tax and accounting advisors

OTIG will structure its team to ensure the closest possible integration with ODOT and its consultants during the Pre-Development Phase.

OTIG has satisfied all of the submission requirements of the RFP.

### QUALIFICATIONS AND EXPERIENCE

OTIG's members are unique in having significant experience both in being private sector road developers and in advising public sector agencies on road development. This gives us a depth of experience which will facilitate a genuine partnership with ODOT which will ensure that the benefits of the Project are optimized.

Member	Establishment Date	Highlights of Qualifications and Experience
MIG	1996	MIG is one of the largest developers and owners of toll roads in the world. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries. MIG's portfolio covers the full life cycle of toll road project, from greenfield developments to mature toll roads. MIG's North American portfolio includes investments in the 407 ETR (Ontario, Canada), Chicago Skyway and South Bay Expressway (San Diego).
MSUSA	1994	MSUSA is a wholly owned subsidiary of Macquarie Bank Limited. The Macquarie Group is a global leader in toll road financial advice, development and management. Recent North American projects include Sea-to-Sky (BC, Canada), Okanagan Lake Bridge government advisory (BC Canada), Chicago Skyway, SR 125 (San Diego), and Highway 407 (Ontario, Canada).
HMM	1972	HMM has an international track record in the design and management of some of the world's most prominent transportation infrastructure projects. HMM is currently undertaking the Independent Engineer role on three major construction projects: the 68 mile Channel Tunnel Rail Link in the UK; the 216 mile Taiwan High Speed Rail Project and the Kaohsiung Metro. HMM also worked with



	<p>the Macquarie Group in the successful consortium for the Sea-to-Sky Highway Upgrades in British Columbia, Canada.</p> <p>Mott MacDonald was established in 1902.</p>
<p>1975</p>	<p>COC has a national reputation in the field of public involvement, intergovernmental relations and communication. COC has designed and managed hundreds of public and stakeholder outreach projects for local, regional and state government agencies throughout Oregon and the Pacific Northwest. In addition, COC has significant experience working with ODOT and other transportation agencies on public involvement and intergovernmental relations.</p> <p>Frank Wilson &amp; Associates will assist COC in their public involvement efforts</p>
<p>1955</p>	<p>Maunsell is one of the world's most respected traffic forecasting consultants. The firm has a long history of advising toll road owners, operators and lenders. Over \$8 billion of investments, including Chicago Skyway, as well toll roads in Australia, Europe, Asia and the United States have been financed based on Maunsell's traffic and revenue forecasts.</p>
<p>1883</p>	<p>Preston Ellis Gates is one of the most respected law practices in the northwestern United States and draws on the experience of more than 430 attorneys practicing in 11 locations on the West Coast, in Washington D.C., and in Asia.</p>
<p>1980</p>	<p>Hererra has significant experience preparing project-specific and programmatic documents under SEPA and NEPA and Section 4(f) [which legislation]. In addition to environmental documentation preparation, Herrera staff are experienced in site and alternative selection; coordination and interaction with the public; preparation of mitigation plans; and permit support. Recent experience includes work on the US89 Improvements Project in Montana and the Sound Transit light rail line; the largest civil works project ever proposed in the Puget Sound region.</p>
<p>1961</p>	<p>Kleinfelder is recognized leader in solving large-scale and complex problems in relation to transportation, infrastructure, industrial, commercial and residential projects, for both the private sector and public agencies.</p>



## **Project Approach**

### **Alignment of Public and Private sector interests**

OTIG intends to closely align its incentives with those of ODOT. OTIG has in this Proposal disclosed its expected fees and investment return requirements in respect of the Project. OTIG has a common objective with ODOT of achieving the lowest possible cost in relation to the Design –Build contract, long term operations and maintenance and debt financing. OTIG will use its professional experience, expertise and knowledge of the marketplace, which should ensure that there is a competitive outcome in these key areas of Project viability.

OTIG is proposing the formation of task forces for each of the Key Elements of the Project. The task forces will consist of members from both the OTIG consortium and ODOT consultants. These task forces will work closely to resolve issues, set standards and ensure that the Project moves forward in an organized manor. Each task force will report to the steering committee, which consists of ODOT's Project Manager, OTIG's Project Manager and Deputy Project Managers.

### **Ensuring Competitive Outcomes**

Under OTIG's Project Development approach almost 85% of Project costs will be subject to competitive tender, with the majority of the remaining costs disclosed upfront.

We believe this approach offers substantial benefits to ODOT compared to having the providers of these significant cost components predetermined prior to competitive tender.

### **Synergies of Developing Multiple Projects**

OTIG's approach offers ODOT the opportunity to select one Developer for all three Projects (Newberg- Dundee, South I-205 Corridor and the Sunrise Project) with the confidence that a competitive selection process will be run for the Design–Build contract in each case. This may mean that there are three separate Design-Build contractors across the Projects.

Selection of one Developer would generate significant synergies, as certain issues for all three Projects could be resolved concurrently but the majority of the Pre-Development and Implementation work would be sequential. As there will be significant overlap in the Pre-Development phase of the Projects, this will benefit the allocation of ODOT resources and ensure that there is a general consistency of approach, particularly in relation to tolling system interoperability of tolling systems and the economies of scale in operating and maintenance activities. OTIG would also be able to offer a discount of 30% in our forecast development costs across the three Projects compared to being selected for just one of the Projects.

### **Open Book**

OTIG is committed to an "open book" partnership with ODOT, including joint analysis and consultative decision making in respect of major inputs to the financial model to ensure a competitive outcome.

### **Flexibility**

OTIG's preliminary due diligence provides us with significant confidence that the South I-205 Project can be successfully developed as a public-private partnership.



OTIG, however, recognizes that at this relatively early stage of conceptual development, there may be a number of options under consideration to ensure the ultimate success of the Project. OTIG has a disciplined approach which should ensure that development work proceeds in the most cost effective and timely manner possible. This includes ensuring that flexibility is not compromised by advancing certain areas of the Project development ahead of others. This is a common problem in our experience. In particular, technical work streams can often move ahead of commercial and financial developments, resulting in cost overruns or scope issues that later need to be modified. OTIG's disciplined approach ensures that focus is directed to key development decisions exactly when required. The members and structure of OTIG's team enhance this flexible approach as OTIG's motivation is to optimize the Project rather than drive decisions in any particular direction.

### Key Issues

In this respect OTIG see the key issues for the Project as follows:

- **Traffic and Toll Revenue forecasts:** detailed investment grade traffic forecasts will be the key driver of the commercial structure of the Project and are likely to have significant influence over decision making. OTIG's preliminary analysis indicates that the Project would be financeable on a standalone basis supported by toll revenues alone. This would certainly apply if the entire corridor traffic can be captured, in which case substantial additional transportation improvements could also be funded. The Project could also be undertaken where only additional capacity is tolled on a managed lanes basis. Our preliminary view is that the managed lanes concept, whilst potentially feasible, would be more expensive because of the need for dedicated entry and exit ramps at key interchanges. It would likely be impractical to provide this at all interchanges. Toll levels for the managed lane approach may also be too high leading to difficulties with diversion factors and community acceptance. The projects overall would benefit from the system wide tolling policy which we understand is currently being developed by ODOT. OTIG would be able to offer its significant worldwide tolling experience to support development of this policy.
- **Alternative Revenue Sources:** in the event that toll revenues alone are insufficient, attention will need to be focused on alternative revenue sources. This could include support from the State, county or municipal levels of government. OTIG's general preference would be to explore "shadow tolling" solutions in which public sector payments if required are made over the long term and linked to the performance of the Project. We believe this offers a better risk transfer solution to the public sector. However, OTIG is flexible if it is easier institutionally for public sector contributions to come in the form of upfront grants.
- **Financing Plan:** OTIG is very flexible in terms of the sources of finance for the Project. The Macquarie Group is a provider of equity finance for the Project and uses its knowledge and experience to secure the most competitive possible sources of debt finance. We are relatively indifferent as to whether debt funding is provided by the US bond market or alternative markets such as the international syndicated bank market (which was the source of debt financing for our recent SR125, Chicago Skyway and Sea to Sky acquisitions). Our objective is to obtain the best overall financing for the project based on cost, terms and flexibility. The Macquarie Group has been a pioneer in integrating public and private sources of finance, for example being the first to combine TIFIA financing with private sector debt and equity for the SR 125 acquisition.





- **Public Support:** The I205 Corridor improvements are much needed to cope with increasing volumes and peak hour congestion.. However, in view of the large number of users and other Stakeholders there will be challenges in establishing and maintaining strong community support. CS3 and public involvement will be instrumental to a successful project.
- **Safety:** The highway and associated interchanges will be constructed to ODOT and FHWA standards to insure the new lanes meet all state and federal safety requirements.
- **System Expansion:** OTIG proposes to increase capacity in both the Southern and Northern sections of I-205 to accommodate likely significant increases in volumes in the corridor as a whole once the southern capacity constraints are released. This will also support the proposed future Columbia River Crossing.
- **Right of Way:** The acquisition of right of way will be critical to project success. It is anticipated that the OTIG team will support ODOT but the responsibility for purchasing right of way will remain with ODOT.

### Compensation and Risk

OTIG believes that that the first step in the Pre-Development Phase for the Project should be a Public Private Partnership scoping study to identify the key challenges and opportunities. This scoping study could reasonably be completed in 3-5 months from the date of selection of the Preferred Developer at a cost of \$500,000. Macquarie is very familiar with scoping studies of this type having, amongst many others worldwide, recently completed two for the Fraser River Crossing and Richmond- Airport – Vancouver Rapid Transit Project in British . Both these projects have since proceeded into successful public private partnerships. It is our view that only after completion of this scoping study in partnership with ODOT could a realistic budget and schedule be created for the remainder of the Pre- Development Phase. Our preliminary view is that a minimum of 18 months would be required in order to reach Financial Close and that schedule would be very dependent on the timeframe for completed the Tier One EIS and proceeding into Tier Two. The scoping study should provide ODOT with the confidence to proceed into further stages of the Pre-Development Phase. OTIG would be prepared to fund the scoping study and contribute our time and expertise to it. This funding of costs would be on the basis that OTIG would be reimbursed by ODOT if the Project did not proceed and if ODOT terminates the Pre-Development Agreement. Once a firm Pre- Development Plan and schedule is developed and agreed with ODOT as part of the scoping study OTIG would also anticipate being in a position to accept a greater share of the funding risks for Pre-Development Costs, which in turn would be fairly backended following completion of the Tier One EIS.

We believe the total budget for the Pre- Development Phase of the Project is likely to be \$15m. However this could be substantially reduced to \$10million if OTIG is appointed as the Developer of all three projects ( I205, Sunrise and Newberg- Dundee) as there are significant synergies and overlap between the three projects.

Although OTIG is prepared to accept a number of development risks, there are certain risks which we believe only ODOT can effectively manage. In summary these ODOT risks would be to achieve the following steps in accordance with the agreed Project schedule:



- Political and community approvals for the project, including particularly the tolling regime for the Project
- Identifying in consultation with the Developer alternative sources of funding or revenues should tolling revenues be forecast to be insufficient
- Execution by the State and all other necessary regulatory bodies of the Implementation Agreement
- Acceptance of project specifications and performance standards
- Obtaining the required environmental approvals for the Project, subject to the Developer being responsible for ensuring that the detailed design complies with these approvals
- Obtaining the Right of Way for the Project
- Assisting with utility relocations

### Implementation Phase Costs

It is even more premature to determine the costs of the Implementation Phase in this Proposal and as discussed the majority of these costs will be competitively tendered and established during the Pre-Development Phase. Implementation Costs are intended to occur after Commercial and Financial Close and therefore would be incurred by the Project Vehicle and not by ODOT.

OTIG has a strong incentive to minimise these costs in the interests of ensuring a successful outcome to the Project.

OTIG is also prepared to commit to its return parameters in the Implementation Phase, as follows:

- **Equity Return:** which refers to the post Project Vehicle tax Internal Rate of Return on equity and quasi equity investment of the project over the length of the concession. MIG has one of the lowest costs of capital for investments in the market as a function of its diversified portfolio, listed status and market capitalization size. MIG is prepared to commit that, subject to its normal investment parameters as described in this Proposal and on MIG's website being satisfied by this Project, it will seek a base case target IRR of 12.50% to 15.00% (based on current US\$ Treasuries yields at 4.43%) The range reflects the varying levels of risk transferred to the Developer through the Implementation Agreement negotiations. Please also note that the Financial Model may include upside case analyses which exceed this range.
- **Financial Advisory Fee:** MSUSA will not earn any fees, commissions or interest income in respect of the equity or debt structure of the Project other than the disclosed Financial Advisory Fee and Debt Arranging Fee and is incentivised to use its worldwide experience to obtain the most competitive possible financing for the Project. The Financial Advisory Fee for providing this expertise will be 1.00% of the total finance raised ( both debt, equity and quasi equity for the Project) and the Debt Arranging Fee will be 0.50% of the total finance raised. These fees would be payable from drawdown of the Project Financing at Financial Close.
- **Project Management and Development Fee:** MIG will provide its development expertise and will fund development costs in return for a Development Fee of \$2.5 million payable at Financial Close. MSUSA will provide its project management



expertise to the project in return for an Advisory fee of \$2.5 million payable at Financial Close.

These fees would be in addition to the recovery of all out of pocket expenses incurred during the Pre-Development and Implementation Phases and would be amended, in consultation with ODOT, in the event the agreed project schedule is extended.

**Benefits to ODOT**

The major benefits to ODOT from our proposed approach to risk and compensation are:

- ODOT benefits from our project and cost management expertise proven in numerous competitive tenders. We have every incentive to minimize them while still ensuring that work proceeds towards a successful Project outcome
- ODOT minimises its funding of development costs except in the event the Project does not proceed. ODOT has the ability to mitigate its termination costs if there are early indications that the Project is not viable.
- Macquarie's time and internal expertise is at risk based on successful outcomes
- ODOT is assured of a competitive outcome to the Implementation Phase and the Developer's fees and returns are transparent and declared up front.



# Yamhill Transportation Partners – A PROVEN TEAM

ODOT requires a team of proven professionals with the unique partnering skills, design-build experience, and financing resources to deliver best-in-class coverage for every element of the much-needed Newberg-Dundee Transportation Improvement Project (NDTIP). Yamhill Transportation Partners (YTP) brings veteran experience and leadership in executing design-build projects, developing transportation programs, and performing to the highest safety standards. As pioneers in the principles of CS<sup>3</sup>, we create proactive community outreach programs, secure opportunities for local firms, and focus on sustainable development. Our proven technical qualifications, PPP experience, and financial strength and stability offer ODOT a partnership that will set the standard for future infrastructure projects in the State.

**Bechtel Infrastructure Corporation (Bechtel)** is the nation's leader in PPPs, design-build, and heavy civil contracting, as well as a globally recognized leader in highway, bridge, and other transportation infrastructure projects.

**CH2M HILL** has provided excellence in project delivery for nearly 60 years, performing a full range of technical services—design, engineering, project development and finance, program management, construction, and operations and maintenance.

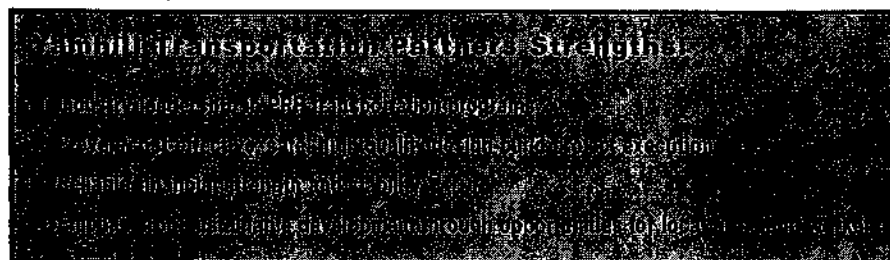
**Goldman Sachs & Co.**, a global financial services leader, enjoys an unparalleled track record in financing highway and toll road projects, offering a diverse array of products and one of the greatest distribution capacities of any financial firm.

**Wildish Standard Paving Co.** provides specialized expertise in roadway surfacing, and structures design and installation, in addition to having extensive experience in delivering successful projects to ODOT.

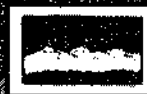
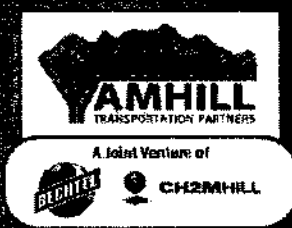
**Goodfellow Bros., Inc.** brings special skills in mass earthmoving operations, and is well versed in ODOT requirements.

**TransCore LP** is a premier provider of advanced and proven tolling technology and toll system operations.

**NW Grassroots & Communications** brings community outreach, interagency coordination, and legislative contact skills honed in the Pacific Northwest.



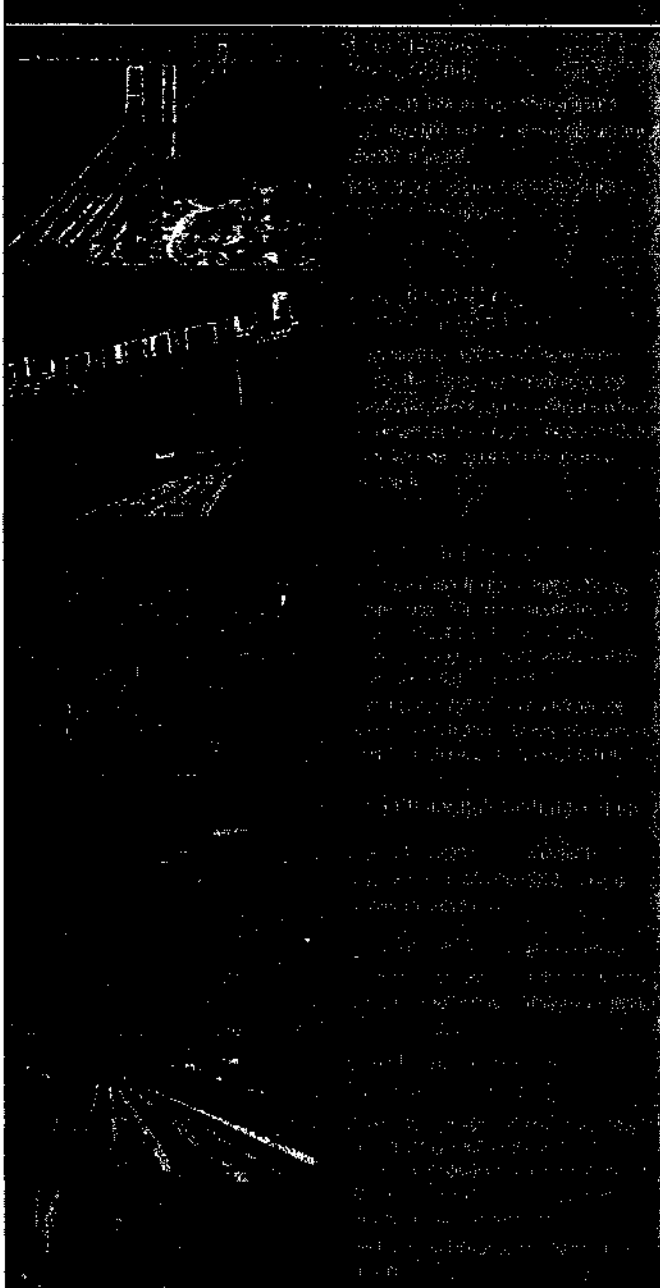
Yamhill Transportation Partners is a joint venture of Bechtel Infrastructure Corporation, CH2M Hill, and Goldman Sachs & Co. We are a team of proven professionals with the unique partnering skills, design-build experience, and financing resources to deliver best-in-class coverage for every element of the much-needed Newberg-Dundee Transportation Improvement Project (NDTIP). We bring veteran experience and leadership in executing design-build projects, developing transportation programs, and performing to the highest safety standards. As pioneers in the principles of CS<sup>3</sup>, we create proactive community outreach programs, secure opportunities for local firms, and focus on sustainable development. Our proven technical qualifications, PPP experience, and financial strength and stability offer ODOT a partnership that will set the standard for future infrastructure projects in the State.



## Yamhill Transportation Partners – PROVEN EXPERIENCE

Our team is made up of highly qualified local, regional, and international firms with extensive experience successfully delivering transportation projects to ODOT, Oregon communities, and other stakeholders. As shown by our success on the Portland MAX LRT Extension to the Airport/Cascade Station and Sea to Sky Highway Improvement Project in British Columbia, the team offers a proven combination of expertise in project development and infrastructure financing, along with cost-effective design-build. These approaches will help ODOT create a long-term transportation solution for the region and greatly accelerate delivery of the project.

### SIGNATURE TEAM-MEMBER PROJECTS



#### Public-Private Partnership for Early Delivery of TriMet Airport MAX Extension

Portland Airport MAX, the first public-private partnership for a rail transit project in the United States, used innovative financing agreements that allowed the project to be financed without federal funding and to be built 10 years ahead of its original schedule. Bechtel started developing this innovative project in 1996, one component of which was development of Cascade Station and arranging project financing. Bechtel was also the



design-builder of the extension under a fixed-price contract with TriMet, providing such services as final design, procurement, construction, and startup.

#### Public-Private Partnership for Improvements to Sea to Sky Highway, British Columbia

CH2M HILL is highly experienced in the use of PPPs to deliver transportation infrastructure projects, having led the PPP highway reconstruction design and program management for the Sea to Sky Highway design-build-operate-finance (DBOF) project in BC, the first-ever DBOF project for development of new transportation infrastructure in the Province.

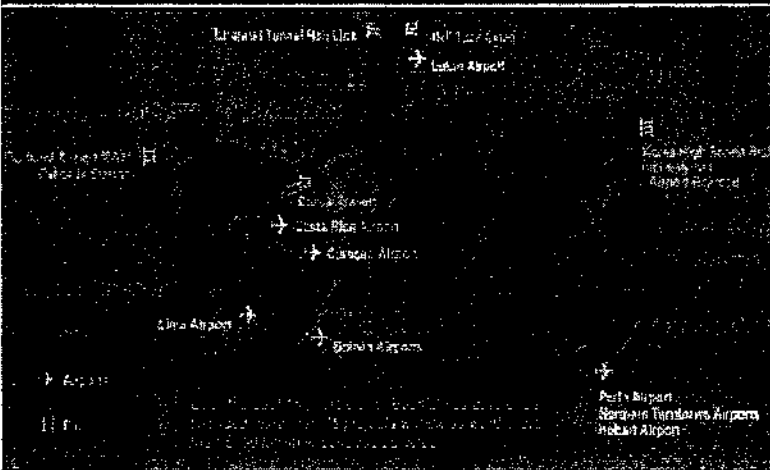
#### Financing Programs for Major Infrastructure Development

Goldman Sachs is broadly experienced in the Pacific Northwest, recently having acted as advisor on the SR 16/Tacoma Narrows Bridge Project during most of the development phase (when it was structured as a PPP). Goldman Sachs was also financial advisor to the City of Chicago for the recently completed \$1.83 billion Chicago Skyway Concession Project.

# Yamhill Transportation Partners – A PROVEN PROJECT DEVELOPER

Our team has analyzed all NDTIP alternatives and developed project alternatives for local, regional, and state stakeholders and a vital component of a BE/C/F/STewardship and OIP's role as an overall state highway and tollway system. We have established a public-private partnership with ODOT to move ahead on the New Parkway project. Our team has developed a detailed implementation plan that includes innovative financing options, tolling, and other measures to ensure the project is self-sustaining and financially viable. The team will also work to address OIP's role in developing the permanent and sustainable transportation infrastructure that will improve the quality of life for the communities it serves.

## BECHTEL INFRASTRUCTURE PROJECTS DEVELOPED/FINANCED WORLDWIDE



Other notable projects include:
 

- Beijing Capital International Airport
- Mumbai Airport
- Delhi Airport
- Amman Airport
- Paris Charles de Gaulle Airport
- London Gatwick Airport
- London Stansted Airport
- London Luton Airport
- London City Airport
- London Heathrow Express
- London Heathrow Terminal 5
- London Heathrow Terminal 3
- London Heathrow Terminal 2
- London Heathrow Terminal 1
- London Heathrow Terminal 4
- London Heathrow Terminal 5
- London Heathrow Terminal 3
- London Heathrow Terminal 2
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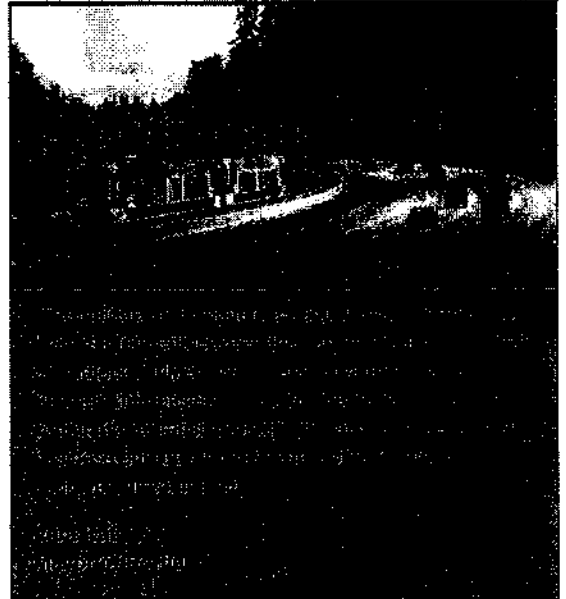
### Proven Commercial and Financing Approaches

YTP will apply the proven processes and tools developed on other PPPs to create a partnership with ODOT that ensures OIPP's first major project is a success. We will develop NDTIP's commercial structure and financing strategy collaboratively with ODOT, creating a viable financing plan through an iterative process simultaneous with refinement and finalization of technical, environmental, and community aspects of the project.

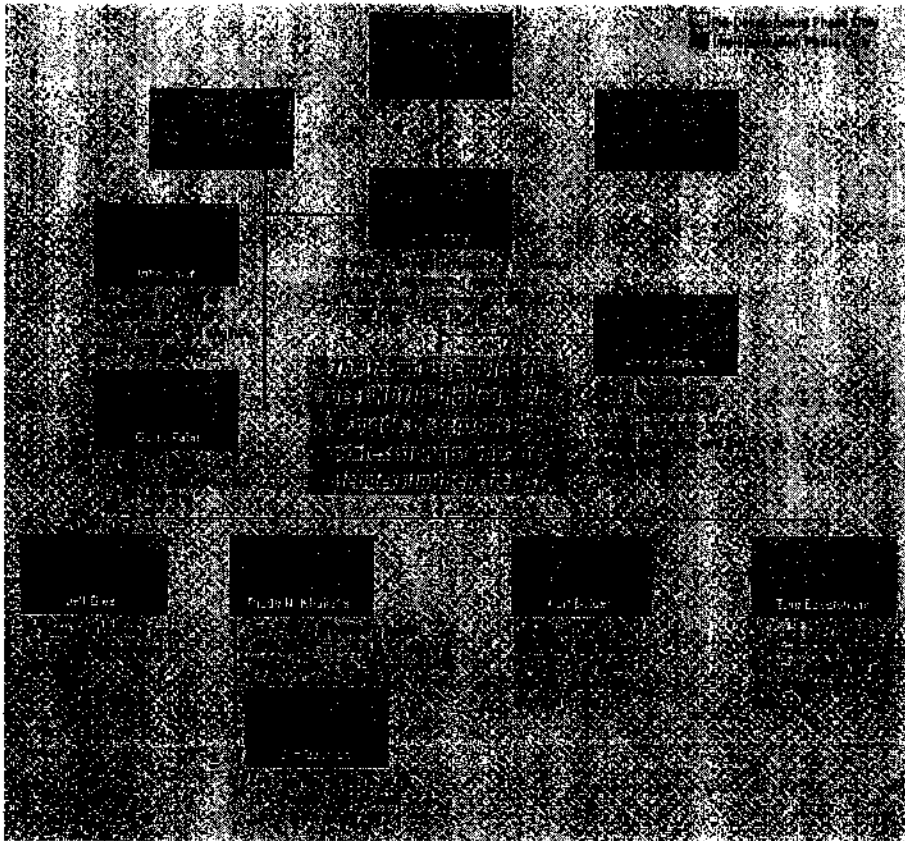
YTP proposes to form, with ODOT, a special purpose, tax-exempt company under IRS Rule 63-20 to implement the project, thereby giving the best mix of clear focus, local influence on project decision-making, and ownership of the new roadway by the public.

Financial advice will come from industry leader Goldman Sachs who has already developed a financial model to guide the preparation of preliminary financing plans for the project.

## LEADERS IN INNOVATIVE DEVELOPMENT



# Yamhill Transportation Partners – PROVEN PROFESSIONALS



## A Focus on Opportunities for Local Area Firms and Workers

YTP considers it crucial to leverage the project so as to contribute to the region's economic vitality. The team anticipates that a significant portion of the work will be contracted to specialty firms and disadvantaged, minority, women, and emerging small business (DMWESB): standard practice for Bechtel and CH2M HILL. We have already begun contacting local DMWESB firms to add to the database we use to execute our Pacific Northwest work. We proactively seek opportunities for qualified firms and individuals to provide valuable services during both Pre-Development and Implementation—and these opportunities will multiply, especially when the design is completed and supply and construction work packages are prepared.

## Recruiting and Contracting with Local DMWESB Firms is Good Business



- Taps into local knowledge in the area
- Strengthens skill sets and increases local capability
- Benefits the local community in terms of shared revenue and local business opportunities

## YTP Members Bechtel and CH2M HILL Regularly Exceed DMWESB Goals

	Goal %	Actual %
<b>BECHTEL</b>		
DMWESB Revenue	100%	100%
DMWESB Employment	100%	100%
DMWESB Subcontracting	100%	100%
DMWESB Training	100%	100%
DMWESB Apprenticeship	100%	100%
DMWESB Safety	100%	100%
DMWESB Diversity	100%	100%
DMWESB Environmental	100%	100%
DMWESB Quality	100%	100%
DMWESB Health	100%	100%
DMWESB Community	100%	100%
DMWESB Innovation	100%	100%
DMWESB Sustainability	100%	100%
DMWESB Ethics	100%	100%
DMWESB Compliance	100%	100%
DMWESB Risk Management	100%	100%
DMWESB Project Management	100%	100%
DMWESB Procurement	100%	100%
DMWESB Contract Management	100%	100%
DMWESB Financial Management	100%	100%
DMWESB Human Resources	100%	100%
DMWESB Information Technology	100%	100%
DMWESB Legal	100%	100%
DMWESB Public Affairs	100%	100%
DMWESB Regulatory	100%	100%
DMWESB Security	100%	100%
DMWESB Strategic Planning	100%	100%
DMWESB Systemic Risk	100%	100%
DMWESB Talent Management	100%	100%
DMWESB Vendor Management	100%	100%
DMWESB Workforce Development	100%	100%
<b>CH2M HILL</b>		
DMWESB Revenue	100%	100%
DMWESB Employment	100%	100%
DMWESB Subcontracting	100%	100%
DMWESB Training	100%	100%
DMWESB Apprenticeship	100%	100%
DMWESB Safety	100%	100%
DMWESB Diversity	100%	100%
DMWESB Environmental	100%	100%
DMWESB Quality	100%	100%
DMWESB Health	100%	100%
DMWESB Community	100%	100%
DMWESB Innovation	100%	100%
DMWESB Sustainability	100%	100%
DMWESB Ethics	100%	100%
DMWESB Compliance	100%	100%
DMWESB Risk Management	100%	100%
DMWESB Project Management	100%	100%
DMWESB Procurement	100%	100%
DMWESB Contract Management	100%	100%
DMWESB Financial Management	100%	100%
DMWESB Human Resources	100%	100%
DMWESB Information Technology	100%	100%
DMWESB Legal	100%	100%
DMWESB Public Affairs	100%	100%
DMWESB Regulatory	100%	100%
DMWESB Security	100%	100%
DMWESB Strategic Planning	100%	100%
DMWESB Systemic Risk	100%	100%
DMWESB Talent Management	100%	100%
DMWESB Vendor Management	100%	100%
DMWESB Workforce Development	100%	100%

**DEDICATED TO  
SAFETY EXCELLENCE**


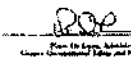
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**STAR SITE  
VOLUNTARY PROTECTION PROGRAM**

**Bechtel Infrastructures, Inc.**  
Portland Airport MAX Expansion Project  
Portland, Oregon

Through our expertise and resources, others participating and our focus on maintaining health and safety programs, the Department of Commerce and Bureau of Labor Statistics Occupational Safety and Health Division, designate our workplace as an Oregon Voluntary Protection Program Star Site.

December 2009

Dan DeLeon, Administrator  
Oregon Occupational Safety and Health Division

# Yamhill Transportation Partners – PROVEN COMMITMENT TO CS<sup>3</sup>

## Effective Public and Stakeholder Involvement

The I-5/Beltline interchange has served Eugene-Springfield (Oregon's second largest metropolitan area) for more than 30 years. During that time, traffic demands on this full cloverleaf interchange have more than quadrupled.

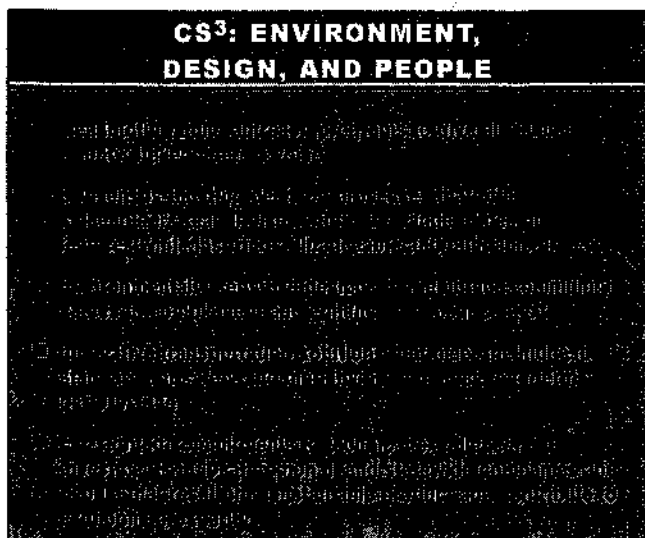
A too-high accident rate and anticipated further growth meant one thing: the I-5/Beltline interchange needed to be



redesigned; but the stakeholders – residents, business owners, non-auto mode users, and federal, state, local, and city agency representatives – didn't agree on how.

Using the processes and tools of decision science, CH2M HILL structured a public involvement and agency coordination process that resulted in shared ownership of the outcome: the program consolidated project decision-making in one multijurisdictional body, incorporated the viewpoints of varying interest groups, and mapped the way forward for public engagement.

For I-5/Beltline, a structured process, balanced participation, and valuing stakeholder involvement allowed the multiple voices of the community to come together and play a significant role in solving the interchange's transportation problems. The project is currently under construction.



## An Open and Transparent Development Process

We are committed to an open and transparent process for developing the project and negotiating the final design-build price within the framework of a true PPP model—founded on a collaborative, team-based environment. Early partnering activities will help the team, ODOT, and other primary stakeholders develop a set of common goals and clear lines of responsibility, and establish a shared sense of ownership and trust. This will ensure that participants are aligned with the project's goals and objectives; help set priorities; and join together in a productive dialogue on design options, pricing tradeoffs, and schedules.

## Developing an Environmentally Viable Product

YTP also brings extensive resources to support ODOT in completing all required environmental/permitting processes. A well-run, predictable NEPA process will let the project take full advantage of schedule efficiencies afforded by the design-build approach (especially as part of a PPP). Our experience and proactive support will result in cost-effective protection of the environment while improving public and freight mobility.

## Opportunities for Enhanced Sustainable Development— The project will:

- Improve access from the east, west and south sides of the existing SR 99W corridor between Newberg and Dayton
- Provide an excellent opportunity to enhance planned developments in Newberg, Dundee, and Dayton and achieve the communities' goal of pedestrian-friendly "Main Street" areas in their downtowns
- Provide a benchmark for other projects in Oregon and future expansion of SR 99W to the west

## Writing the Book on Context-Sensitive Solutions

CH2M HILL brings a long history of not only helping to develop the concept of context-sensitive design, but also of incorporating its tenets in completed projects. In fact, NCHRP Report 480, *A Guide to Best Practices for Achieving Context Sensitive Solutions* (2002), was authored by CH2M HILL. This document emphasizes that transportation programs are not just the responsibility of the sponsoring agency: successful context-sensitive solutions require the collaboration of a broad range of technical professionals, agency and elected officials, community interest groups and organizations, landowners, facility users, and the public.



# Yamhill Transportation Partners – PROVEN COMMITMENT TO PROJECT SUCCESS

## Project Alignment with Community/Public Goals

The future of SR 99W and related improvements have been in the public mind for years. ODOT and the communities of Newberg, Dundee, and Dayton have successfully marshaled support for the rerouting of transient traffic based in large part through soliciting public input.

The team proposes to continue this collaboration with the communities and ODOT during the Pre-Development Phase to identify and engage key stakeholders, solicit and respond to public input, and incorporate recommendations as appropriate.

## An Accelerated Schedule to Save Time and Money

Given a PPP approach, with a January 2006 Notice to Proceed (NTP) for the Pre-Development Phase and a first-quarter 2008 NTP for the design-build phase, the prkway could be operational before the end of 2010. By facilitating the influx of private capital to a long-desired project, a PPP with YTP and ODOT offers significant time savings and an earlier realization of project benefits, as well as lowered costs due to reduced cost of money.

## An Oregon Team Committed to an Important Oregon Project

YTP enjoys deep Oregon roots. To us, NDTIP is right in our back yard – and as an Oregon-based team, we are highly committed to maximizing our community's return on our State's transportation dollars. As we have demonstrated on similar projects, we strive to enrich the communities where we work, because those are the communities where we live. The team's NDTIP management plan envisions multiple avenues for creating professional, educational, and economic opportunities for Oregon citizens and businesses: sustainable outreach and diversity programs, training and mentoring, new employment options, support for local vendors and DMWESBs. Our commitment to Oregon is good for us, good for business, and good for Oregon.

## NEPA, CETAS and other Environmental Process

ODOT will benefit from the expertise YTP has developed from previous successes with the NEPA process. YTP's strategy is to support ODOT with monitoring, analysis, and advice throughout the NEPA and CETAS processes. ODOT and YTP will be able to identify potential project development obstacles in time to resolve them before they impact schedules. This support will be key to reaching the Record of Decision (ROD) within 2 years of a first quarter 2006 Pre-Development Notice to Proceed.

### TEAM MEMBER SUCCESSES

#### Project Development Expertise

The team has extensive experience in project development, including the preparation of project proposals, environmental impact statements, and the development of project financing structures. This expertise is critical to the success of the project.

#### Project Management Leadership

The team has a proven track record of managing large-scale transportation projects from conception to completion. This leadership is essential for ensuring the project is delivered on time and within budget.

#### Engineering-Construction Leadership (ENR)

The team's engineering and construction expertise is a key asset in the design and construction of the project. This leadership ensures the highest quality of work and adherence to all regulatory requirements.

## C. EXECUTIVE SUMMARY

### THE PROJECT

The Sunrise Project (the Project) is the most challenging of the projects under consideration by the Oregon Innovative Partnerships Program because:

- The Project is dependent upon future development and accordingly traffic volumes are likely to be low initially albeit with strong growth rates
- The different phases of the Project are at very different stages of development and may also have very different traffic and commercial characteristics
- The Project is a long time away from realistically achieving financial close
- These features do, however, create very significant scope for private sector innovation to enhance the Project and contribute to successful development

We are therefore very pleased to submit this proposal and look forward to the opportunity to contribute to the successful development and ultimate implementation of the Project.

### KEY FEATURES OF OUR PROPOSAL

- **Outstanding World Class Experience:** OTIG team members have unparalleled experience of development, delivery and financing of highways in North America and around the world. We are committed to delivery of a high quality Project on an aggressive timetable through the use of innovative development, construction and financing methods.
- **Commitment to ODOT and the Community:** OTIG recognizes the primary importance of working in partnership with ODOT to gain the confidence of all stakeholders and to ensure continued accountability throughout the Pre-Development and Implementation Phases.
- **Commitment of staff and financial resources:** OTIG has invested significant resources in gaining the Project understanding to submit this proposal and is excited by the opportunity to contribute key people and funding to turn the Project into reality.
- **Unrivalled Competitiveness:** OTIG believes that our proposal to staff a Scoping Study and negotiate contribution to further Pre-Development costs combined with our commitment to a transparent and competitive Implementation Phase offers ODOT demonstrable value for money.

### THE TEAM

The Oregon Transportation Improvement Group (OTIG) brings together some of the world's most experienced organizations in private toll road development, design and financing. OTIG's credentials should assure the Oregon Department of Transportation (ODOT) and other stakeholders of the professional, efficient and successful development and implementation of the Sunrise Project.

OTIG is an unincorporated consortium lead by the Macquarie Group, whose key members in respect of this Project are:

- Macquarie Infrastructure Group (MIG)



MIG is the Major Partner for the Project and will be the 100% owner of the Sunrise Concession Company LLC, the Developer for the consortium. The Developer has not yet been established but will be incorporated immediately upon OTIG being selected as the preferred Developer for the Project. MIG will establish and own the Developer, provide development support and intends to provide the equity required to implement the Project.

MIG is an Australian Stock Exchange listed vehicle managed by wholly-owned subsidiaries of Macquarie Bank Limited (MBL) (discussed below). MIG focuses exclusively on toll road investments in OECD countries. As of June 30, 2005, MIG had net assets of \$9.4 billion and a market capitalization of \$6.75 billion. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries, including the SR125 and the Chicago Skyway in the United States and the Highway 407 in Canada. Collectively MIG assets employ over 1,000 staff.

— Macquarie Securities (USA) Inc (MSUSA)

MSUSA is the Financial Advisor for the OTIG consortium. MSUSA is a wholly owned subsidiary of Macquarie Bank Limited and is a US Corporation incorporated in the State of Delaware. MSUSA may consult with and seek input from its affiliates, including Macquarie North America Ltd. (MNAL). However, all activities are subject to US securities laws and to the extent required by those laws, will be conducted by MSUSA. MSUSA has 60 professional staff focusing exclusively on infrastructure projects and enjoys the full support of the Macquarie Group.

— Macquarie Bank Limited (MBL)

MBL is the parent company for MSUSA and the fund manager of MIG. MBL is incorporated in Australia and listed on the Australian Stock Exchange. MBL has, as of March 31, 2005, balance sheet assets of over \$37.34 billion, a market capitalization of \$8.14 billion and managed funds of over \$67.34 billion, including over \$15 billion of specialist infrastructure funds, and over 6,500 staff located in 44 offices worldwide. Other members of the Macquarie Group, such as other investment funds or our property development and investment businesses, may become involved in the Project if required.

Macquarie Group is supported by:

Hatch Mott MacDonald (HMM), who will act as the technical advisor to OTIG. HMM is a leading North American engineering consulting firm with over a century of experience in planning, engineering and program/construction management for projects around the world. With a staff of over 1000 in 33 offices in North America, and staff resources exceeding 12,000 worldwide, they can respond quickly and cost-effectively to any project demands. HMM is a worldwide leader in all phases of public-private ventures for transportation projects.

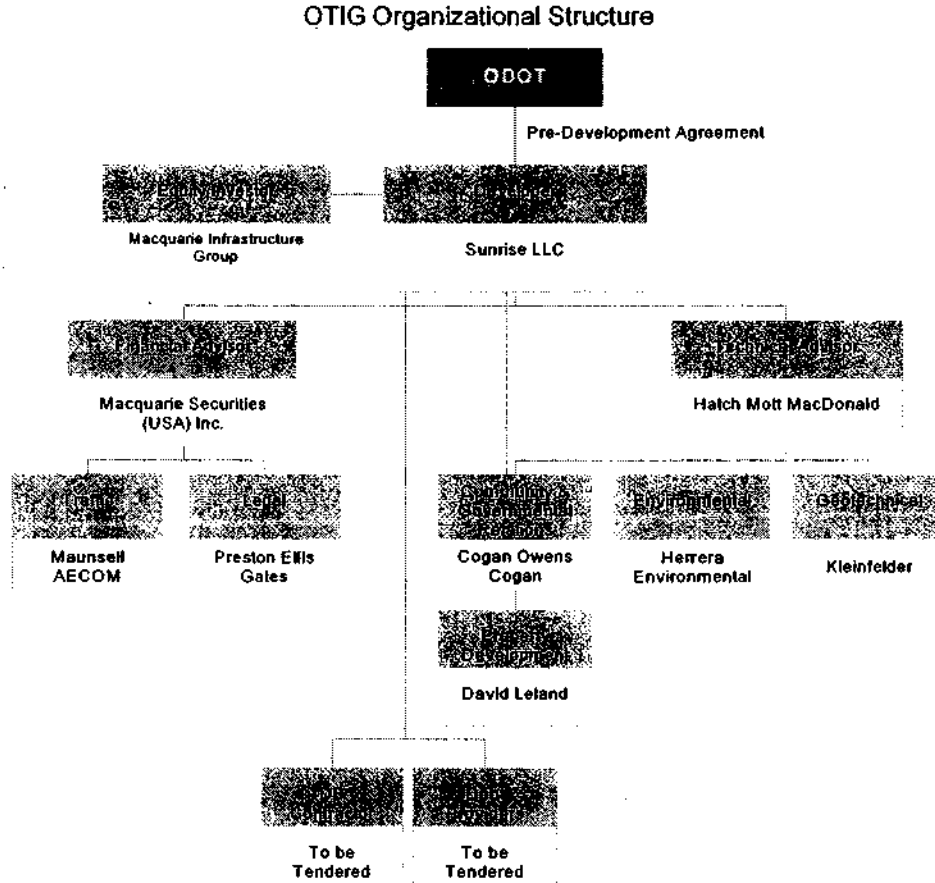
Macquarie Group and HMM have assembled a first class team of local sub-consultants and advisors who have a comprehensive understanding of the challenges facing the Project. These include:

- Preston Ellis Gates (Preston) who will act as OTIG's Legal Counsel
- Cogan Owens Cogan LLC (COC) and Frank Wilson & Associates who will act as OTIG's public and government communication specialists.



- Maunsell who will act as traffic forecasting consultants
- Herrera Environmental Consultants who will act as OTIG's environmental consultants
- Kleinfelder who will act as OTIG's geotechnical and environmental engineering consultants
- David Leland who will act as OTIG's property development and land use planning consultant

MSUSA will be primarily responsible for managing the commercial and financial consultants and HMM will be primarily responsible for managing the technical consultants as illustrated in the following organizational chart.



The commercial and financial strengths of Macquarie combined with the technical expertise of HMM and its local subconsultants provide all the skills and experience necessary to advance the Project through the Pre- Development Phase.

OTIG has made the conscious decision not to include a Design-Build Contractor in the consortium at this stage. We believe that there are a number of contractors capable of constructing the Project and that we can best maintain competitive tension and reduce the costs of the Project by appointing a Design-Build Contractor during the Pre-Development Phase. This is considered a normal sequence of events for publicly funded infrastructure projects. There is even more incentive/justification to pursue this approach for a PPP Project.



Additional team members will also be added during the Pre-Development Phase. These will include:

- Operations and Maintenance Contractors
- Insurance Consultant
- Lender's Engineer
- Lender's Legal Counsel
- Specialist tax and accounting advisors

OTIG will structure its team to ensure the closest possible integration with ODOT and its consultants during the Pre-Development Phase.

OTIG has satisfied all of the submission requirements of the RFP.

### QUALIFICATIONS AND EXPERIENCE

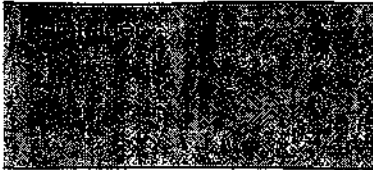
OTIG's members are unique in having significant experience both in being private sector road developers and in advising public sector agencies on road development. This gives us a depth of experience which will facilitate a genuine partnership with ODOT which will ensure that the benefits of the Project are optimized.

Member	Establishment Date	Highlights of Qualifications and Experience
MIG Infrastructure	1996	MIG is one of the largest developers and owners of toll roads in the world. MIG has a globally diversified portfolio with interests in 13 concession assets across six countries. MIG's portfolio covers the full life cycle of toll road project, from greenfield developments to mature toll roads. MIG's North American portfolio includes investments in the 407 ETR (Ontario, Canada), Chicago Skyway and South Bay Expressway (San Diego).
MSUSA	1994	MSUSA is a wholly owned subsidiary of Macquarie Bank Limited. The Macquarie Group is a global leader in toll road financial advice, development and management. Recent North American projects include Sea-to-Sky (BC, Canada), Okanagan Lake Bridge government advisory (BC Canada), Chicago Skyway, SR 125 (San Diego), and Highway 407 (Ontario, Canada).



<p style="text-align: center;">HMM</p>	<p>1972</p>	<p>HMM has an international track record in the design and management of some of the world's most prominent transportation infrastructure projects. HMM is currently undertaking the Independent Engineer role on three major construction projects: the 68 mile Channel Tunnel Rail Link in the UK; the 216 mile Taiwan High Speed Rail Project and the Kaohsiung Metro. HMM also worked with the Macquarie Group in the successful consortium for the Sea-to-Sky Highway Upgrades in British Columbia, Canada.</p> <p>Mott MacDonald was established in 1902.</p>
<p style="text-align: center;">COC</p>	<p>1975</p>	<p>COC has a national reputation in the field of public involvement, intergovernmental relations and communication. COC has designed and managed hundreds of public and stakeholder outreach projects for local, regional and state government agencies throughout Oregon and the Pacific Northwest. In addition, COC has significant experience working with ODOT and other transportation agencies on public involvement and intergovernmental relations.</p> <p>Frank Wilson &amp; Associates will assist COC in their public involvement efforts</p>
<p style="text-align: center;">Maunsell</p>	<p>1955</p>	<p>Maunsell is one of the world's most respected traffic forecasting consultants. The firm has a long history of advising toll road owners, operators and lenders. Over \$8 billion of investments, including Chicago Skyway, as well toll roads in Australia, Europe, Asia and the United States have been financed based on Maunsell's traffic and revenue forecasts.</p>
<p style="text-align: center;">Preston Gates Ellis LLP</p>	<p>1883</p>	<p>Preston Ellis Gates is one of the most respected law practices in the northwestern United States and draws on the experience of more than 430 attorneys practicing in 11 locations on the West Coast, in Washington D.C., and in Asia.</p>
<p style="text-align: center;">Herrera</p>	<p>1980</p>	<p>Hererra has significant experience preparing project-specific and programmatic documents under SEPA and NEPA and Section 4(f). In addition to environmental documentation preparation, Herrera staff are experienced in site and alternative selection; coordination and interaction with the public; preparation of mitigation plans; and permit support. Recent experience includes work on the US89 Improvements Project in Montana and the Sound Transit light rail line; the largest civil works project ever proposed in the Puget Sound region.</p>





1961

Kleinfelder is recognized leader in solving large-scale and complex problems in relation to transportation, infrastructure, industrial, commercial and residential projects, for both the private sector and public agencies.

## Project Approach

### Alignment of Public and Private sector interests

OTIG intends to closely align its incentives with those of ODOT. OTIG has in this Proposal disclosed its expected fees and investment return requirements in respect of the Project. OTIG has a common objective with ODOT of achieving the lowest possible cost in relation to the Design-Build contract, long term operations and maintenance and debt financing. OTIG will use its professional experience, expertise and knowledge of the marketplace, which should ensure that there is a competitive outcome in these key areas of Project viability.

OTIG is proposing the formation of task forces for each of the Key Elements of the Project. The task forces will consist of members from both the OTIG consortium and ODOT consultants. These task forces will work closely to resolve issues, set standards and ensure that the Project moves forward in an organized manor. Each task force will report to the steering committee, which consists of ODOT's Project Manager, OTIG's Project Manager and Deputy Project Managers.

### Ensuring Competitive Outcomes

Under OTIG's Project Development approach almost 85% of Project costs will be subject to competitive tender, with the majority of the remaining costs disclosed upfront.

We believe this approach offers substantial benefits to ODOT compared to having the providers of these significant cost components predetermined prior to competitive tender.

### Synergies of Developing Multiple Projects

OTIG's approach offers ODOT the opportunity to select one Developer for all three Projects (Newberg- Dundee, South I-205 Corridor and the Sunrise Project) with the confidence that a competitive selection process will be run for the Design-Build contract in each case. This may mean that there are three separate Design-Build contractors across the Projects.

Selection of one Developer would generate significant synergies, as certain issues for all three Projects could be resolved concurrently but the majority of the Pre-Development and Implementation work would be sequential. As there will be significant overlap in the Pre-Development phase of the Projects, this will benefit the allocation of ODOT resources and ensure that there is a general consistency of approach, particularly in relation to system interoperability of tolling systems and the economies of scale in operating and maintenance activities. OTIG would also be able to offer a discount of 30% in our forecast development costs across the three Projects compared to being selected for just one of the Projects.



## Open Book

OTIG is committed to an "open book" partnership with ODOT, including joint analysis and consultative decision making in respect of major inputs to the financial model to ensure a competitive outcome.

## Flexibility

OTIG's preliminary due diligence provides us with significant confidence that the Sunrise Project can be successfully developed as a public-private partnership. OTIG, however, recognizes that at this relatively early stage of conceptual development, there may be a number of options under consideration to ensure the ultimate success of the Project. OTIG has a disciplined approach which should ensure that development work proceeds in the most cost effective and timely manner possible. This includes ensuring that flexibility is not compromised by advancing certain areas of the Project development ahead of others. This is a common problem in our experience. In particular, technical work streams can often move ahead of commercial and financial developments, resulting in cost overruns or scope issues that later need to be modified. OTIG's disciplined approach ensures that focus is directed to key development decisions exactly when required. The members and structure of OTIG's team enhance this flexible approach as OTIG's motivation is to optimize the Project rather than drive decisions in any particular direction.

## Key Issues

In this respect OTIG see the key issues for the Project as follows:

- **Traffic and Toll Revenue forecasts:** detailed investment grade traffic forecasts will be the key driver of the commercial structure of the Project and are likely to have significant influence over decision making. Traffic volumes for the western section are relatively strong but volumes in the eastern section are more uncertain. OTIG's preliminary analysis indicates that the whole Project is unlikely to be financeable on a standalone basis supported by toll revenues alone and that this could only work if the entire corridor traffic can be captured. This creates a number of challenges. The projects overall would benefit from the system wide tolling policy which we understand is currently being developed by ODOT. OTIG would be able to offer its significant worldwide tolling experience to support development of this policy.
- **Alternative Revenue Sources:** in the likely event that toll revenues alone are insufficient, attention will need to be focused on alternative revenue sources. This could include support from the State, county or municipal levels of government through development levies or tax increment financing. OTIG's general preference would be to explore "shadow tolling" solutions in which public sector payments if required are made over the long term and linked to the performance of the Project. We believe this offers a better risk transfer solution to the public sector. However, OTIG is flexible if it is easier institutionally for public sector contributions to come in the form of upfront grants.
- **Financing Plan:** OTIG is very flexible in terms of the sources of finance for the Project. The Macquarie Group is a provider of equity finance for the Project and uses its knowledge and experience to secure the most competitive possible sources of debt finance. We are relatively indifferent as to whether debt funding is provided by the US bond market or alternative markets such as the international syndicated bank market (which was the source of debt financing for our recent SR125, Chicago Skyway and





Sea to Sky acquisitions). Our objective is to obtain the best overall financing for the project based on cost, terms and flexibility. The Macquarie Group has been a pioneer in integrating public and private sources of finance, for example being the first to combine TIFIA financing with private sector debt and equity for the SR-125 Project.

- **Public Support:** The Sunrise Project is much needed to relieve freight congestion and promote further corridor development. However, the Project lacks a clear focus and appears to us to have difficulty in establishing consistent levels of community and business support. CS<sup>3</sup> and public involvement will be instrumental to a successful project.
- **Safety:** The highway will be constructed to ODOT and FHWA standards to insure the new expressway meets all state and federal safety requirements.
- **System Wide approach:** The western and eastern sections of the corridor have very different characteristics leading to advantages of phasing. Tolling approaches to the corridor should be system wide (possibly supported by tolls from I205), supplemented by development levies or tax increment financing in the Sunrise corridor itself.
- **Right of Way:** The acquisition of right of way will be critical to project success. It is anticipated that the OTIG team will support ODOT but the responsibility for purchasing right of way will remain with ODOT.

#### Compensation and Risk

OTIG believes that that the first step in the Pre-Development Phase for the Project should be a Public Private Partnership scoping study to identify the key challenges and opportunities. This scoping study could reasonably be completed in 3-5 months from the date of selection of the Preferred Developer at a cost of \$500,000. Macquarie is very familiar with scoping studies of this type having, amongst many others worldwide, recently completed two for the Fraser River Crossing and Richmond- Airport – Vancouver Rapid Transit Project in British Columbia. Both these projects have since proceeded into successful public private partnerships. It is our view that only after completion of this scoping study in partnership with ODOT could a realistic budget and schedule be created for the remainder of the Pre- Development Phase. Our preliminary view is that a minimum of 18 months would be required in order to reach Commercial and Financial Close and that this schedule would be very dependent on the timeframe for completing the Tier 1 EIS and proceeding into Tier 2. The scoping study should provide ODOT with the confidence to proceed into further stages of the Pre-Development Phase. OTIG would look to ODOT to fund the scoping study but believe our fee for undertaking this is significantly discounted compared to the true commercial value of our time and expertise. Once a firm Pre-Development Plan and schedule is developed and agreed with ODOT as part of the scoping study OTIG would anticipate being in a position to accept a greater share of the funding risks for Pre-Development Costs, which in turn would be fairly backended to the period following completion of the Tier 1 EIS.

We believe the total budget for the Pre- Development Phase of the Project is likely to be \$15m. However this could be substantially reduced to \$10million if OTIG is appointed as the Developer of all three projects ( Sunrise, Newberg- Dundee and I-205) as there are significant synergies and overlap between the three projects.



Although OTIG is prepared to accept a number of development risks, there are certain risks which we believe only ODOT can effectively manage in accordance with the agreed Project schedule:

- Political and community approvals for the project, including particularly the tolling regime for the Project
- Identifying in consultation with the Developer alternative sources of funding or revenues should tolling revenues be forecast to be insufficient
- Execution by the State and all other necessary regulatory bodies of the Implementation Agreement
- Acceptance of project specifications and performance standards
- Obtaining the required environmental approvals for the Project, subject to the Developer being responsible for ensuring that the detailed design complies with these approvals
- Obtaining the right of way for the Project
- Utility relocations

#### Implementation Phase Costs

It is even more premature to determine the costs of the Implementation Phase in this Proposal and as discussed the majority of these costs will be competitively tendered and established during the Pre-Development Phase. Implementation Costs are intended to occur after Commercial and Financial Close and therefore would be incurred by the Project Vehicle and not by ODOT.

OTIG has a strong incentive to minimize these costs in the interests of ensuring a successful outcome to the Project.

OTIG is also prepared to commit to its return parameters in the Implementation Phase, as follows:

- **Equity Return:** which refers to the post Project Vehicle Tax Internal Rate of Return on equity and quasi equity investment of the project over the length of the concession. MIG has one of the lowest costs of capital for investments in the market as a function of its diversified portfolio, listed status and market capitalization size. MIG is prepared to commit that, subject to its normal investment parameters as described in this Proposal and on MIG's website being satisfied by this Project, it will seek a base case target IRR of 12.50% to 15.00% (based on current US\$ Treasuries yields at 4.43%) The range reflects the varying levels of risk transferred to the Developer through the Implementation Agreement negotiations. Please also note that the Financial Model may include upside case analyses which exceed this range.
- **Financial Advisory Fee:** MSUSA will not earn any fees, commissions or interest income in respect of the equity or debt structure of the Project other than the disclosed Financial Advisory Fee and Debt Arranging Fee and is incentivized to use its worldwide experience to obtain the most competitive possible financing for the Project. The Financial Advisory Fee for providing this expertise will be 1.00% of the total finance raised ( both debt, equity and quasi equity for the Project) and the Debt Arranging Fee will be 0.50% of the total finance raised. These fees would be payable from drawdown of the Project Financing at Financial Close.



- **Project Management and Development Fee:** MIG will provide its development expertise and will fund development costs in return for a Development Fee of \$2.5 million payable at Financial Close. MSUSA will provide its project management expertise to the project in return for an Advisory fee of \$2.5 million payable at Financial Close.

These fees would be in addition to the recovery of all out of pocket expenses incurred during the Pre-Development and Implementation Phases and would be amended, in consultation with ODOT, in the event the agreed project schedule is extended.

**Benefits to ODOT**

The major benefits to ODOT from our proposed approach to risk and compensation are:

- ODOT benefits from our project and cost management expertise proven in numerous competitive tenders. We have every incentive to minimize them while still ensuring that work proceeds towards a successful Project outcome
- ODOT minimises its funding of development costs except in the event the Project does not proceed. ODOT has the ability to mitigate its termination costs if there are early indications that the Project is not viable.
- Macquarie's time and internal expertise is at risk based on successful outcomes
- ODOT is assured of a competitive outcome to the Implementation Phase and the Developer's fees and returns are transparent and declared up front.





**METRO**

**JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION  
SIGN - IN SHEET**

September 15, 2005

<b>NAME</b>	<b>JURISDICTION</b>	<b>INITIALS</b>
<b>Chair Rex Burkholder</b>	<b>Metro Council</b>	
<b>Vice Chair Rod Park</b>	<b>Metro Council</b>	
<b>Councilor Brian Newman</b>	<b>Metro Council</b>	
<b>Commissioner Sam Adams</b>	<b>City of Portland</b>	
<i>Mayor Tom Potter</i>	<i>City of Portland</i>	
<b>Mayor Rob Drake</b>	<b>City of Beaverton, representing Cities of Washington Co.</b>	
<i>Mayor Lou Ogden</i>	<i>City of Tualatin, representing Cities of Washington Co.</i>	
<b>Mr. Matthew Garrett</b>	<b>ODOT - Region 1</b>	
<i>Mr. Jason Tell</i>	<i>ODOT - Region 1</i>	
<b>Mr. Dick Pedersen</b>	<b>Oregon Dept. of Environmental Quality (DEQ)</b>	
<i>Ms. Annette Liebe</i>	<i>Oregon Dept. of Environmental Quality (DEQ)</i>	
<i>Mr. Andy Ginsburg</i>	<i>Oregon Dept. of Environmental Quality (DEQ)</i>	
<b>Mr. Fred Hansen</b>	<b>TriMet</b>	
<i>Mr. Neil McFarlane</i>	<i>TriMet</i>	
<b>Commissioner Bill Kennemer</b>	<b>Clackamas County</b>	
<i>Commissioner Martha Schrader</i>	<i>Clackamas County</i>	
<b>Mayor Paul Thalhoffer</b>	<b>City of Troutdale, representing Cities of Multnomah Co.</b>	
<i>Mayor Charles Becker</i>	<i>City of Gresham, representing Cities of Multnomah Co.</i>	
<b>Councilor Lynn Peterson</b>	<b>City of Lake Oswego, representing Cities of Clackamas Co.</b>	
<i>Mayor James Bernard</i>	<i>City of Milwaukie, representing Cities of Clackamas Co.</i>	
<b>Mayor Royce Pollard</b>	<b>City of Vancouver</b>	
<i>Mr. Dean Lookingbill</i>	<i>SW Washington RTC</i>	
<b>Commissioner Roy Rogers</b>	<b>Washington County</b>	
<i>Commissioner Tom Brian</i>	<i>Washington County</i>	
<b>Commissioner Maria Rojo de Steffey</b>	<b>Multnomah County</b>	
<i>Commissioner Lonnie Roberts</i>	<i>Multnomah County</i>	
<b>Commissioner Steve Stuart</b>	<b>Clark County</b>	
<i>Mr. Peter Capell</i>	<i>Clark County</i>	
<b>Mr. Don Wagner</b>	<b>Washington State Dept. of Transportation (WSDOT)</b>	
<i>Mr. Doug Ficco</i>	<i>Washington State Dept. of Transportation (WSDOT)</i>	
<b>Mr. Bill Wyatt</b>	<b>Port of Portland</b>	
<i>Ms. Susie Lahsene</i>	<i>Port of Portland</i>	
<i>Commissioner Jay Waldron</i>	<i>Port of Portland</i>	



# Metro sign-in sheet

Please be aware that all information submitted here will become public record, per state law, and will be made available to those who request it.

**METRO**  
PEOPLE PLACES  
OPEN SPACES

Event JPACT Location Metro Regional Center – Council Chambers

Date September 15, 2005 Time 7:30 a.m.

NAME	AFFILIATION
Greg Miller	AGC
Karen Schilling	Mult. County
Rob Foster	Forest Grove
Dave Nordberg	DEQ
Fred Ebelke	ODOT
Tom Markyraf	CRC
Alex Wong	CRC
Ron Papsdorf	City of Gresham
KATHRYN HARRINGTON	CITIZEN WA. CO.
Mark Garrity	PB
John Gillan	City of Portland
John Wiebke	City of Hillsboro
FORAN CHLAPOWSKI	CITY PDX, COM. ADAMS
Randy Tucker	Metro
Gina Whitehill-Bazinc	Metro
Jeff Dalin	City of Cornelius, Councilor
Kathleen Busse	Wash Co
Kim Kelis	Metro
Rob DeGroot	CRC
Charlotta Lehan	Wilsonville
Norm King	West Ginn

