

Appendix A
Strategic Planning Outreach

One-on-One Interviews

Colorado HPTE Timeline of One-on-One Interviews

HPTE Board Members

Charlotte Robinson
Stan Matsunaka
Dan Cleveland
Tim Gagen
Doug Aden
Heather Barry
Trey Rogers (new member)

Status

HELD – 5/13 @ 10:00 am (w/ David)
HELD - 4/20 @ 3:00 pm @ HNTB (via phone)
HELD - 4/16 @ 10:00 am @ HNTB
HELD - 4/13 @ 9:30 am @ CDOT HQ
HELD - 4/13 @ 8:30 am @ CDOT HQ
Larry sent email on 5/18
HELD - 5/26 @ 9:00 am @ his office

CDOT Staff

Russ George, Exec Dir
Peggy Catlin
Pam Hutton
Heather Copp
Jennifer Finch
Reza Akhavan, Reg 6 Dir
Tony Devito, Reg 1 Dir
Myron Hora, Reg 4 Plan

Status

HELD - 4/22 @ 3:00 pm @ CDOT HQ (Russ Office)
HELD - 4/29 @ 3:00 pm @ CDOT HQ
HELD - 5/11 @ 4:00 pm @ CDOT HQ
HELD - 5/25 @ 3:30 pm @ CDOT HQ
HELD - 4/29 @ 4:00 pm @ CDOT HQ
HELD - 4/19 @ 7:30 am @ Village Inn (I-25/Colo)
HELD - 5/4 @ 10:00 am @ CDOT Reg. 1 office
HELD – 4/29 @ 10:00 am @ PB (w/ Larry)

External Stakeholders

Carla Perez, Governor's Office
Michael Penny, I-70 Mountain
Frisco Town Mgr.

Status

HELD - 5/20 @ 2:00 pm @ State Capitol
HELD – 5/24 @ 8:30 am (via phone)

US 36 Coalition Group
Jack Hilbert, C 470
Douglas Co. Commissioner

HELD - 4/20 @ 12:30 pm @ HNTB
HELD - 5/19 @ 2:30 pm @ DRCOG

Cliff Davidson, North I-25
DRCOG Board w/ Jennifer S. &
Steve R.

Larry sent email on 4/22
HELD - 4/21 @ 3:00 pm @ DRCOG

Craig Casper, Pikes Peak ACG
Bob Murphy, Metro Mayors

HELD - 4/26 @ 10:30 am @ PPACG
Offer extended – group chose not to be interviewed –
deferred to Corridor Coalitions

Reeves Brown, Club 20

Larry sent email on 5/11

Total of 20 One-on-One Interviews were HELD.

Colorado High-Performance Transportation Enterprise
Strategic Planning Outreach
One-on-One Interviews Summary
Spring 2010

The High Performance Transportation Enterprise (HPTE) was created by the General Assembly of the State of Colorado with the authority and mission to seek out opportunities for innovative and efficient means of financing important surface transportation infrastructure projects. These projects will improve the safety, capacity, and accessibility of the surface transportation system, can feasibly be commenced in a reasonable amount of time, will allow more efficient movement of people, good, and information throughout the state, and will accelerate the economic recovery of the state.

To effectively advance this mission, HPTE is beginning a strategic planning process that will establish the vision, short-term and mid-term goals, and a 2010 Action Plan for the transportation enterprise. HPTE desires your input into this process. HPTE requests your responses to the following questions and will incorporate your thoughts into their strategic planning efforts.

1. What is your vision for HPTE?
2. What short-term goals do you believe HPTE should establish for 2010?
3. What mid-term goals do you believe HPTE should establish beyond 2010?
4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?
5. What criteria would you establish to determine HPTE project eligibility?
6. What would you define as the critical considerations to prioritize HPTE projects for implementation?
7. Are there projects that you would put at the top of a priority list?
8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?
9. What role/s do you see HPTE members taking with key stakeholders?
10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Summary of One-on-One Interview Findings

1. What is your vision for HPTE?

- Identifying a strategic plan.
- Need to figure out how to be a functioning entity?
- HPTE to serve as a tool in providing innovative funding and financing for major infrastructure projects. (6)
- HPTE to help facilitate a turnaround in the local governments perception in how tolling can help enhance the transportation system and their communities. (2)
- Address growth and need for the state of Colorado.
- Connectivity of the system is really important. Need to focus on all of the corridors supporting each other in one system. (3)
- What other funding mechanisms are out there to look at?
- Look at the different corridors functioning as separate systems. (2)
- Using the US36 corridor as a successful project in helping create the HPTE vision. (2)
- Partnering with local communities.
- Would like to see the vision go beyond the idea of just roads. The idea of incorporating alternative forms of transportation; light rail, dedicated lanes, bike paths, etc. for pieces of the corridors.
- HPTE to serve as a resource for an on-going funding strategy for the State in building and maintaining the roads.
- Build the HPTE vision on some of the foundation that was built from the CTE. (3)
- An organization and enterprise that is willing to take on another partner such as RTD, Airport Authority, etc. to help package a financeable program.
- A way of obtaining funding for other projects that CDOT or the State does not have the funding capabilities. (2)
- Collaborative process in bringing people together on much needed improvements.
- Explore tolling – a user pay way of financing projects in the future. (2)
- Hoping HPTE can kick start some public/private partnerships in the state of Colorado. (2)
- HPTE to consider more than just tolling as an option for financing.

2. What short-term goals do you believe HPTE should establish for 2010?

- Determining who the stakeholders are.
- Community relationships

- To develop a communications plan with the stakeholders.(5)
- Define relationships with CDOT and the Regions.
- Develop revenue sources (hire staff for the HPTE). (3)
- Capture all of the lessons learned from the CTE. Learn from the successes and failures of the CTE.
- Decision to hire a Director for the HPTE (4)
- Education (4)
- Getting the HPTE name out and letting people know that the HPTE exists.
- How is the HPTE going to get funding to operate? (3)
- Prioritize the project list by readiness (2)

3. What mid-term goals do you believe HPTE should establish beyond 2010?

- Staffing will be very important.
- Start evaluating and prioritizing projects based on their ability to create funds in tolling or HOT lanes. (5)
- Reaching out to groups such as the I-70 Coalition, US 36 Coalition and other corridors and attending their meetings to see what their needs are. (3)
- Hire a knowledgeable group of consultants that understand innovative contracting.
- Public acknowledgement and acceptance of HPTE.
- HPTE needs to team up with CDOT and their staff. (3)
- HPTE to be proactive with CDOT and their legislature.
- Funding long term. (2)
- Deciding what HPTE sees in terms of a Director.
- Communication Plan (3)
- Standardized PowerPoint presentation on the HPTE (2)
- Political piece will have a huge impact. Will have to wait and see where the new Governor is coming from.
- Reach out to other agencies and start the dialogue.
- Be proactive
- HPTE to look at the benefits of public/private partnerships.
- Develop a system wide approach – verify revenue projections.
- HPTE should not be hindered by what CDOT cannot do.
- Get funding assistance from the Transportation Commission.(2)

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Beaucroatic problems CDOT or the Transportation Commission trying to take full control of HPTE. (3)
- Education of the HPTE Board Members. (3)
- Convincing the public to use the roads once they are built.
- HPTE needs to establish a mission and have buy-in from the public and local agencies. (2)
- Need to establish a partnership between HPTE, Transportation Commission and CDOT staff. (3)
- HPTE to generate a funding source for themselves. Bringing in own staff not having to rely on CDOT or the Transportation Commission. (5)
- Politics – prioritizing, partnering, first come first serve, local match commitments. (5)
- No action
- Educating the public on what it costs to operate and maintain the roads. (3)
- Challenges of the public coming to grips with embracing tolling.
- No current funding sources to carry out the core mission.
- Having a new Governor and changes to the leadership in the enterprise board and CDOT.

5. What criteria would you establish to determine HPTE Project eligibility?

- Community support. (7)
- To the extent that you have to finance the project with debt.
- Feasibility – blend of congestion relief and some form of financing. (7)
- Need for the Transportation Commission and the HPTE to work together.
- Sufficient to have the tolls cover operations and maintenance and other funds to use for the capital improvements.
- Support of the state and federal agencies and have a ROD completed. (2)
- Sustainability – reducing the number of vehicles on the road.
- Projects would need to have been through Regional Planning Processes and included in the Statewide Transportation Plan.
- Political support/partnering with stakeholders. (3)
- Connectivity
- Combination of funding, financing and revenue. (2)

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

- Support from the communities. (7)
- Big investment on return (7)
- Projects that have been NEPA cleared. (2)
- Projects that stimulate and help promote the growth of Colorado. (2)
- Looking at projects like US36 and its synergy. (2)
- Corridors supporting other corridors as part of a system.
- Completing 7th Pot Projects (2)
- Looking at what is in the DRCOG and STIP state plan.
- Political support
- The HPTE needs the buy in from the Planning partners.

7. Are there projects that you would put at the top of a priority list?

- C-470 (3)
- US 36 (8)
- I-70 (4)
- 225
- I-25 & Powers (2)
- I-25 North (3)
- Widening of I-25 down to Pueblo
- Start with the projects that will make money first.

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

- A blended approach of vision and planning. (3)
- Work closely with CDOT staff (4)
- Provide regular updates with the transportation commission.
- RTD or DRCOG may want to talk to HPTE about teaming for Fastracks.

- Would like to see HPTE get away from CDOT procedures.
- HPTE to have more autonomy. (3)
- Keep lines of communication open with the commission.
- Use the Bridge Enterprise as a model for the HPTE.
- Need to be partners with the commission.
- Need to have strong leadership from the CDOT Director.
- Relationship of CDOT staff and the commission should be as strong as possible to achieve the same goals. (3)
- HPTE to be seen as a tool of CDOT.
- Need to have face time with the commission. (2)
- Matrix management approach.
- Working with the Bridge Enterprise.
- A collaborative approach

9. What role/s do you see HPTE members taking with key stakeholders?

- Serving as ambassadors of HPTE and out in the public and communities listening to their needs. (7)
- HPTE members need to support the Director. (3)
- Going to legislature and local elected officials.
- Giving feedback to the Director on what they are hearing from the public and local agencies.
- Bringing forth issues that HPTE needs to deal with.
- Education and input. (3)
- Understanding the fiscal reality.
- Timeframe of getting a Director on board for the HPTE.
- Director will serve as the face of the HPTE.
- Project readiness and the stakeholders that are affected.
- Attendance of key meetings.
- Standardized PowerPoint presentation of the HPTE
- Take out the element of intimidation.
- Stay blended with CDOT.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

- Transparency
- Enterprise that works closely with the commission.
- Every attribute that Russ George has; selfless, honest, engaging, earned the respect and kept it along the journey of his life.
- Not just a Denver Metroplex problem.
- Getting other CDOT Regions involved.
- HPTE serving as an unbiased and having no agendas Board.
- Identifying funding sources that are out there.
- Utilize more of the tools from the legislature in access to some funding. The HPTE becomes a separate arm of the legislature where we can control funds.
- Timing of the next Long Range Plans.
- Do not emphasize the tolling aspect.
- Use the strategic plan as a communication tool. (2)
- Identify key agreements and look at them for possible opportunities.
- Long term vision of the structure, staff and the full time director of the HPTE.
- Broad range of stakeholders.
- Start with the STAC representatives for some guidance with the HPTE.
- Education of the HPTE Board.
- Education of tolling as a benefit.

Transportation Industry Questionnaires

Colorado HPTE Transportation Industry Questionnaires

Greg Henk, Flatiron Construction

Joe Wingerter, Kiewit

Wendy Amann, Huitt-Zollars

Keith Bishop, Northwest Parkway

Les Gruen, CDOT Commissioner

Cathy Garcia, Action 22

Note: Questionnaires received are provided in random order.

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Spring 2010

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1. What is your vision for HPTE?

To become the authorizing, procurement and contracting entity for efficient alternative delivery of critical surface transportation improvement/expansion projects on behalf of the state of Colorado. Within this vision is an expectation that the HPTE will continue to receive the leadership, empowerment and statutory support to implement a myriad of financial tools and contracting methods that leverage the benefits of committed partnerships between the public sector and private industry to achieve the HPTE mission.

2. What short-term goals do you believe HPTE should establish for 2010?

Stabilize the organization with a commitment to strong leadership and an appropriate resource base that is motivated to successfully deliver transportation assets.

Study the best practices of other US state and Canadian provincial existing and emerging PPP programs to establish the framework for the "Colorado Model".

Identify, prioritize and take ownership of at least [6] priority surface transportation projects. Establish a process to measure progress against a published list of objectives.

Develop a stakeholder consensus building program through predictable, consistent, and forthright communication. Demonstrate and communicate successes – even small ones; acknowledge and learn from activities that fall short of stated objectives.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Create a programmatic model that includes a clear decision making structure and a value for money and/or project financial feasibility analysis process that can be used to demonstrate both the business case for private industry engagement and the benefits to the public sector for moving forward with project under the HPTE.

Secure a committed funding stream similar to the Bridge Enterprise fund to generate a capital base for the priority projects.

Become the national model for implementing VMT, tolling, asset monetization, availability payment and a range of PDA, concession and/or DBF structures that provide a pipeline of project delivery opportunities and eventually creates an entity that generates sufficient ongoing revenues to continue with capital expansion, maintenance and operations for critical transportation projects .

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Inconsistent leadership at the highest level of state government for supporting bold moves to utilize PPPs and innovative financial instruments for improving and expanding Colorado's surface transportation network .

The risk of misinformed and/or misguided public opposition to the HPTE that marginalizes its authority and empowerment for taking decisive action on behalf of Colorado's transportation network.

Inability to establish a consistent funding stream to initiate a pipeline of projects – the shared I-25 HOT revenues alone (with constraints) are not sufficient to get much done.

5. What criteria would you establish to determine HPTE project eligibility?

A project that is critical to the state or region with a sense of urgency for delivery.

Strong support from stakeholders, with a non-CDOT project champion that is willing to provide unwavering support to advance the project by the HPTE.

Complex projects with upfront funding challenges where solutions can be optimized through technical, financial and operational innovation and efficiencies.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Has been advanced but not necessarily completed with the NEPA process.

A willingness to deliver the project in a single phase (or under one contract) to maximize the benefits of expedited mobility improvements and the return on private sector investment.

Financial feasibility analysis has been completed and a business case has been demonstrated.

A respected local champion that demonstrates a relentless attitude for seeing the project through to delivery.

IGA's and MOUs drafted (or in process) to solidify local commitments.

7. Are there projects that you would put at the top of a priority list?

Projects that should receive consideration include:

US 36

I-25 North

C-470

I-70 Mountain

I-25 Valley

I-25 Pueblo

US 24

Elevated I-70

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

In general we would see a close and collaborative relationship between HPTE and CDOT with a commitment to achieving common goals for the advancement of critical transportation assets.

The HPTE becomes the procurement and contracting entity for the projects in its portfolio on behalf of the state and CDOT.

Required CDOT staff seconded to the project during the procurement and delivery phase to augment limited HPTE staff and advisory team.

The transportation asset remains in the CDOT network, but revenues are assigned to the HPTE.

The HPTE Board has an annual retreat with the Transportation Commission to discuss and strategize on a wide range of strategic initiatives and to assess lessons-learned.

9. What role/s do you see HPTE members taking with key stakeholders?

Leadership and support for all levels of government on the range of opportunities to get projects delivered implementing the tools available in the HPTE basket.

A legal framework for delivering challenging projects outside of traditional procurements measures.

A consensus builder and data depository of alternative funding measures and best practices that can be deployed to support local decisions on transportation issues.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Create a process and set of objectives for an Industry/government Advisory Panel with staggered and rotating membership and at quarterly or bi-annual meetings.

Establish a baseline of program options for project implementation drawing from an in depth study of best practices from around North America (Canada) and across the world.

HPTE should be represented on the DRCOG board.

Please e-mail your written feedback via email to warnerl@pbworld.com or by fax to Larry Warner, Parsons Brinckerhoff at 303-832-9096.

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Spring 2010

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1. What is your vision for HPTE?

A statewide mechanism to fund priority projects in the State. Colorado needs to remain competitive against other states for economic development and transportation is very much needed.

2. What short-term goals do you believe HPTE should establish for 2010?

Discussion and debate on the pros and cons of various financing mechanisms. System/process of working with the CDOT Commission and its mechanism for prioritizing projects.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

See number 2 above .. should be a work in process goal and improved.

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

My concern is if Colorado wants to be competitive in the US for business and job creation, that the Denver metro area is going to state that we need transportation projects in highly populated areas vs. other areas of the state. I believe the State needs to make sure it spreads money to transportation projects throughout the state to provide those areas with "opportunities" to attract new businesses and jobs. For example, if Hwy. 160 from Walsenburg to Durango is four-laned, perhaps the San Luis Valley could attract a trucking company. If Hwy. 50 from the Kansas border

(Kansas is working on 4-laning) is four-laned to Pueblo, those towns will not lose potential business because of only having a two lane highway. The projects should be viewed as to whether they have potential in enhancing the opportunities to bring in new business and jobs to the region. The other issue here is that Colorado has only one east-west four-laned Hwy. which is I-70. Why not have a second east-west mechanism?

5. What criteria would you establish to determine HPTE project eligibility?

I would look at it from an economic development value. Could the project assist those areas without major airports, etc., in attracting businesses. Of course, the other criteria would be safety. There are a lot of roads that are absolutely dangerous. Most of the bad bridges are located in Southern Colorado.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Economic Development

Safety

How the TPRs rate the project

7. Are there projects that you would put at the top of a priority list?

Deficient bridges

Doubling of Hwy. 50 and Hwy. 160 in Southern Colorado

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

I believe the two should work hand in hand in determining priorities. The CDOT Commission, TPRs, etc., have a good system in determining priorities. Working together and adding the "economic development" criteria would assist in getting projects done.

9. What role/s do you see HPTE members taking with key stakeholders?

HPTE role is to listen, look at the projects and maintain consistent and regular communications with stakeholders. Even if there is nothing to report, stating there is nothing to report is better than not stating anything at all!!

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

This is a great start to the strategic planning process. I am sure you have in the process the SWOT system, etc. Communications are key!!

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1. What is your vision for HPTE?

Because of the current and projected shortfall of traditional federal and state transportation funding, the HPTE should be seeking out projects that can be funded through other direct revenue streams such as tolls, as well as financed via alternate methods such as public-private partnerships. This should include Managed Lanes (HOT, Express Toll, etc.), gap facilities such as the completion of C-470, new limited access facilities, etc.

2. What short-term goals do you believe HPTE should establish for 2010?

- ID Projects
- Establish a consensus building plan for those projects – politically, publicly, and with private sector
- Limit level of design to 10-30% on those projects
- Prioritize the projects and develop an implementation plan for those projects

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Implement one major project to demonstrate

- To the industry – that the HPTE has the political will and technical expertise to implement specific projects
- To the public that a toll project is good for the public as the alternate is to do nothing

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Public acceptance of tolls – public perception they have already paid for the road via gas taxes
- Political consensus building on each project

5. What criteria would you establish to determine HPTE project eligibility?

- Project Need – current status of traffic and impacts to public and business
- Financial feasibility (with some public “gap-funding”)
- Political acceptability
- Strong political advocate for the project

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

See criteria in item 5, above

7. Are there projects that you would put at the top of a priority list?

- C-470 Managed/HOT Lanes
- I-70 Express Toll (or Managed) Lanes
- US 36 Managed/HOT Lanes
- I-25 North Managed/HOT Lanes

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

The HPTE should act independently but closely and cooperatively with the Department. HPTE project management staff should be independent of CDOT but CDOT may provide support on technical matters – environmental, ROW, utilities, PR, etc. for the projects at the HPTE’s request.

9. What role/s do you see HPTE members taking with key stakeholders?

- Selling the value of tolled improvements
- Identifying key projects
- Building general support for the projects
- Identifying and enabling a strong political advocate for each project.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Colorado has the second highest drop in construction employment in the US (behind only Nevada). It is important to try to move projects ahead expeditiously. It is time to be bold, not time to “test the water.”

The HPTE should consider visiting other Owners who have successfully implemented PPP’s – e.g.; Partnerships BC, FDOT, etc.

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1. What is your vision for HPTE?

- Create a Market plan and a pipeline of projects for both short and long term. This is essential to attract attention from the market place.
- HPTE should be the “architect” of the State of Colorado to deliver projects using innovative program delivery methods and alternative financing, such as design build, design build-finance-operate-maintain, TIFIA, PAB’s, Buy America Bonds, Real Toll, Shadow Toll or Availability payments or any combination of these revenue schemes.
- HPTE should be the voice of transportation when it comes to Innovative Program Delivery, as well as provide leadership that directs the delivery of infrastructure within the Metro area (and beyond) to alleviate the ever-increasing congestion problems, safety and promote innovation and customer satisfaction.
- To select and assist in financing major qualified projects by facilitating financial assistance ... through various financing sources for constructing and improving highway and transportation facilities necessary for public purposes.

Our vision is that HPTE and CDOT forge a partnership whereby HPTE is the conduit for evaluating, financing, and educating stakeholders on innovative approaches to developing infrastructure, and together with CDOT, will be responsible for executing and delivering the selected projects.

2. What short-term goals do you believe HPTE should establish for 2010?

- Establish business rules and process that maximize the abilities of HPTE, while maximizing the skilled employees of CDOT. Formulate the internal connection with CDOT, and define the roles of both entities. Develop business rules and processes that

facilitate the procurement of a Design Build or Design Build Finance Operate project. These processes should be incorporated and considered in HPTE's project selection criteria, by requiring the necessary documentation and data needed by HPTE to review a prospective project. For example, completed traffic and revenue study, project time line, environmental status, project budget, and is the project in the TIP or STIP.... These requirements should be similar to what's required by TIFIA, yet more specific to Colorado.

- Establish opportunities for the private sector to support transportation in Colorado through private equity and/or business operations.
- Select two or three projects with different risk dynamics to move forward utilizing the abilities of HPTE.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

- Develop a white paper of system integration to ease congestion and optimize passenger mobility (operational issues, costs, safety, environmental and social impacts, advantages and disadvantages of different models)
- Reach financial close of one project by Q2 2011
- Completion of the Beltway around Denver

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Political hurdles
- Strong leadership at HPTE to move things beyond where they have been for years and years.
- Lack of education and understanding of what's required to deliver a successful project within a transparent process.

5. What criteria would you establish to determine HPTE project eligibility?

- Significance to the national and state transportation system, and the extent to which it generates economic benefits.
- The project must be supported in whole or in part from user charges, and be required to complete an investment grade Traffic and Revenue study.
- Impact on the environment
- Leverage private capital, promote innovation, relieve traffic congestion, and promote customer service technologies.
- An eligible project must be at least \$100 million, and included in the applicable State Transportation Improvement Program.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?
See above... #5.
7. Are there projects that you would put at the top of a priority list?
- Completion of Beltway around Denver (Jefferson Parkway)
 - Managed Lanes on C470 / widening
 - Continue managed lanes North on I- 25 to Hwy 7
 - Widening of US 36 and BRT
 - Technology project that promotes integration between roads, car parking , and car customer related use. (Convenience, innovation and other means of increasing revenue for the transportation needs by maximizing existing facilities).
8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?
- We envision a very close relationship, in fact a business partnership. HPTE should lead the development of the business rules and project selection process, while working closely with CDOT and the Colorado Transportation Commission to provide support both technical and political. CDOT and Commission must support the HPTE board on decisions and have an active role in management oversight, procurement, and other necessary project requirements. (environmental, ROW, etc)
9. What role/s do you see HPTE members taking with key stakeholders?
- Developing relationships with key Stakeholders within each corridor.
 - Understanding each project in order to make an informed decision about which project would be selected by HPTE and funded.
 - Promote and educate the local stakeholders about the various financing, procurement and delivery methods
 - Communication with State and Local officials and provide coordination to mitigate political concerns.
10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?
- Establish the role of HPTE and key processes
 - Establish the roles of CDOT
 - Establish project selection criteria
 - Establish the types of project information needed for a potential project

- Develop a potential list of projects that are ready to go, select one and move forward.

Please e-mail your written feedback via email to warnerl@pbworld.com or by fax to Larry Warner, Parsons Brinckerhoff at 303-832-9096.

Colorado High Performance Transportation Enterprise
Strategic Planning Outreach
Spring 2010

The High Performance Transportation Enterprise (HPTE) was created by the General Assembly of the State of Colorado with the authority and mission to seek out opportunities for innovative and efficient means of financing important surface transportation infrastructure projects. These projects will improve the safety, capacity, and accessibility of the surface transportation system, can feasibly be commenced in a reasonable amount of time, will allow more efficient movement of people, goods, and information throughout the state, and will accelerate the economic recovery of the state.

To effectively advance this mission, HPTE is beginning a strategic planning process that will establish the vision, short-term and mid-term goals, and a 2010 Action Plan for the transportation enterprise. HPTE desires your input into this process. HPTE requests your responses to the following questions and will incorporate your thoughts into their strategic planning efforts.

1. What is your vision for HPTE?

2. What short-term goals do you believe HPTE should establish for 2010?

Identify multiple funding paths/
methods of financing
- creative means of getting funding,
not dependent on traditional
bank lending

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Sustainability incorporated in transportation
growth

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Funding
Public approval - especially if tax money
is considered
Time - getting it done fast enough

5. What criteria would you establish to determine HPTE project eligibility?

- accessible area
- need for that type of transportation

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

- ease with which permitting can be done
- need for that type of transportation

7. Are there projects that you would put at the top of a priority list?

Rapid transit to all quadrants of metro area

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

Emulate a design team - equal partners working toward same goal, hopefully will help streamline approval processes

9. What role/s do you see HPTE members taking with key stakeholders?

Collaborative - don't want to be "bossy" but need to make sure goals are met (over & above stakeholders personal goals)

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Create an advisory board that consists of public members, not involved in transportation to give "outside" as well as objective input

Please e-mail your written feedback via email to warnerl@pbworld.com or by fax to Larry Warner, Parsons Brinckerhoff at 303-832-9096.

4/8/10

High Performance Transportation Enterprise
Strategic Planning Outreach
Spring 2010

The High Performance Transportation Enterprise (HPTE) was created by the General Assembly of the State of Colorado with the authority and mission to seek out opportunities for innovative and efficient means of financing important surface transportation infrastructure projects. These projects will improve the safety, capacity, and accessibility of the surface transportation system, can feasibly be commenced in a reasonable amount of time, will allow more efficient movement of people, goods, and information throughout the state, and will accelerate the economic recovery of the state.

To effectively advance this mission, HPTE is beginning a strategic planning process that will establish the vision, short-term and mid-term goals, and a 2010 Action Plan for the transportation enterprise. HPTE desires your input into this process. HPTE requests your responses to the following questions and will incorporate your thoughts into their strategic planning efforts.

1. What is your vision for HPTE?

Identify, prioritize and move forward with the financing and construction of high priority surface transportation projects.

2. What short-term goals do you believe HPTE should establish for 2010?

see above

3. What mid-term goals do you believe HPTE should establish beyond 2010?

see #1

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Existing bureaucracy getting in the way of action

5. What criteria would you establish to determine HPTE project eligibility?

Traffic volume / capacity issues
Inter-governmental collaboration
Ability to fund

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Need
Viability

7. Are there projects that you would put at the top of a priority list?

7th Pot to the extent any are viable as
HPTE projects

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

No preconceived notions. Comfortable with
advice and consent since there is strong Commission representation
on HPTE.

9. What role/s do you see HPTE members taking with key stakeholders?

Leadership role with respect to selling the ideas.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Appendix B
Strategic Planning Research

Initial P3 Organization Screening

Colorado HPTE Task Order #3

Research Candidate Selection Criteria

Objective: To develop a list of criteria for use in screening and selecting potential public-private partnership/start-up organization research candidates for the Colorado HPTE.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?
2. Has the agency successfully constructed/opened a P3 project?
3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?
4. Does the organization have well-defined business policies and procedures?
5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

National Research Candidates:

- Georgia
- California
- SANDAG
- Florida
- Texas
- Virginia
- Oregon
- Michigan
- Indiana
- Chicago, IL
- North Carolina

International Research Candidates:

- Partnerships British Columbia (Canada)
- Partnerships Victoria (Australia)

Research Candidate: Georgia Department of Transportation (GDOT)

Description of Organization: In accordance with legislation adopted by the Georgia General Assembly in 2009, GDOT has created a dedicated P3 Division. The P3 Division is supported internally by the P3 Steering Committee, which includes the Department Commissioner, two members of the State Transportation Board and representatives from each major division within the Department. The Division is further supported by a P3 Working Group, comprised of dedicated staff members and advisors.

<http://www.dot.state.ga.us/informationcenter/p3/Pages/default.aspx>

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

I-75/I-575 West by Northwest Project - The solicitation of Georgia's first P3 project was initiated on February 26, 2010. GDOT intends to award a concession to design, construct, finance, operate and maintain a 29-mile segment of managed lanes along I-75 and I-575, as well as enter into a pre-development agreement for an additional 27-mile segment of managed lanes along I-285 West and I-20 West. www.georgiaP3.com/WNW. This represents a "best value" (hard bid) toll concession. GDOT hopes to reach financial close by July 2011.

2. Has the agency successfully constructed/opened a P3 project?

No. New P3 program with I-75/I-575 West by Northwest Project as first P3 project.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact:

Darryl VanMeter, P.E., Innovative Program Delivery Administrator
(404) 631-1703

Chip Meeks, Administrator
Office of Innovative Finance
(404) 631-1300

4. Does the organization have well-defined business policies and procedures?

Yes. GDOT has developed administrative rules and guidelines for their P3 program. The following link provides details on rules, guidelines and reports GDOT has developed for the P3 program, the solicitation process, and evaluating eligible projects.

<http://www.dot.state.ga.us/informationcenter/p3/administration/Pages/default.aspx>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Yes. GDOT is required to identify and submit to the State Transportation Board a list of projects on the Statewide Transportation Improvement Program, or otherwise identified, that should be considered for pursuit as P3s. Once projects have been identified, they go through a rigorous screening process to determine their viability as a P3 project and identify how they compare to other projects under consideration. <http://www.dot.state.ga.us/informationcenter/p3/Documents/P3Guidelines.pdf>

Research Candidate: California Department of Transportation (Caltrans)

Description of Organization: The design-build demonstration program and the authority to enter into P3 agreements were introduced in Senate Bill No. 4 (SBX2 4) which was signed by Governor Schwarzenegger on February 20, 2009, and has since become effective as amended sections of the Public Contract Code and the Streets and Highways Code. http://www.catc.ca.gov/programs/DB-P3/sbx2_4_bill_20090220_chaptered.pdf The legislation allows Caltrans and other public agencies to enter into P3s for transportation projects via comprehensive development lease agreements through December 31, 2016.

<http://www.catc.ca.gov/programs/DB-P3.htm>,

http://www.dot.ca.gov/hq/transprog/ctcliaison/2010/0210/PP_Tab_49_P3_Briefing.pdf

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

US 101 Presidio Parkway Project (Doyle Drive Replacement Project) - In process with first project procurement under new P3 program and SBx2 4 enabling legislation. It is a joint project between Caltrans and San Francisco County Transportation Authority for a 30-year concession. No tolls involved – milestone payment at end of construction period and availability payments. <http://www.catc.ca.gov/programs/DB-P3/P3/doyledrive.htm>. In February 2010, Project Proposal Report (PPR) and Request for Consideration of P3 Procurement to California Transportation Commission (CTC). RFP April 2010 to select “best value” bidder later in year. Anticipated financial close by Spring 2011.

2. Has the agency successfully constructed/opened a P3 project?

Not under current SBX2 4 P3 statutes. Previous California PPPs include:

- SR 91, Orange County Transportation Authority (first in U.S.)
- SR 125/South Bay Expressway, San Diego Association of Governments (SANDAG), formerly with South Bay Expressway organization, which has filed for bankruptcy.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

- Caltrans: Kome Ajise, P3 Director
- Potential member of Public Infrastructure Advisory Commission (PIAC)

4. Does the organization have well-defined business policies and procedures?

Yes. CTC’s Policy Guidance (Resolution G-09-13) on P3 and in accordance with Streets and Highways Code section 143. (Approved 10/14/2009). Also defines CTC’s role in selecting P3 projects from candidate projects nominated by Caltrans/Regional Transportation Agencies. Caltrans used international best practices and lessons learned when developing guidelines, policies and project screening process.

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Yes. Caltrans and RTAs must nominate candidate PPP projects for approval by CTC. For approval, must satisfy four performance objectives: 1) improve mobility through improved travel times or reducing delay in

a corridor, 2) improve operation/safety in corridor, 3) provide quantifiable air quality benefits in the region, and 4) address known forecast demand. [http://www.catc.ca.gov/programs/DB-P3/PPP_Resolution_G-09-13_\(Stamped\).pdf](http://www.catc.ca.gov/programs/DB-P3/PPP_Resolution_G-09-13_(Stamped).pdf)

Public Infrastructure Advisory Commission (PIAC) formed by SBX2 4 as clearinghouse for P3-related services and information.

- Identify candidate PPP projects
- Research PPP best practices/lessons learned
- Assemble information related to PPPs that Caltrans/RTAs can utilize
- Advise Caltrans/RTAs on best practices or suitability of particular projects
- Provide procurement-related services to Caltrans/RTAs, can include running PPP procurements
(PIAC can charge a fee for last two bullet items)

<http://www.publicinfrastructure.ca.gov/page.asp?o=cabth&s=PIAC&p=383078>

Research Candidate: San Diego Association of Governments (SANDAG)

Description of Organization: SANDAG is made up of 18 cities and county government serving as the forum for regional decision-making. SANDAG is governed by a Board of Directors composed of mayors, council members, and county supervisors from each of the region's local governments. Supplementing these voting members are advisory representatives from Imperial County, the U.S. Department of Defense, Caltrans, San Diego Unified Port District, Metropolitan Transit System, North County Transit District, San Diego County Water Authority, Southern California Tribal Chairmen's Association, and Mexico.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Have successfully constructed the SR 125 South Bay Expressway and in process with the SR 52.

2. Has the agency successfully constructed/opened a P3 project?

- SR 125/South Bay Expressway, formerly with South Bay Expressway organization, which has filed for bankruptcy, now with SANDAG. - 10-mile South Bay Expressway is a state-of-the-art toll road extending from SR 54 in Spring Valley to Otay Mesa Road/SR 905 near the Mexican border. The South Bay Expressway was developed by a public / private partnership including Caltrans, SANDAG, and a private California corporation, California Transportation Ventures, Incorporated. The road operates as a toll road for 35 years, at which time the state takes ownership and can decide whether it remains a toll road. The project has been hailed as a model for how private enterprise can assist local communities develop badly needed public infrastructure projects and it is expected to serve as a catalyst for economic development in one of the fastest growing regions in the nation. Developed and operated by Macquarie Infrastructure Group and Macquarie Infrastructure Partners at a cost of \$635 million, South Bay Expressway was made possible through a unique public-private partnership among the California Department of Transportation (Caltrans), San Diego Association of Governments (SANDAG), Federal Highways Administration and South Bay Expressway.
- SR 52 - This project adds managed lanes and extends the freeway to greatly improve traffic flow on State Route 52 (SR 52), from Interstate 15 (I- 15) east to State Route 67 (SR 67). Half the funding will come from TransNet sales tax dollars. Private investment from Barratt American, Inc. also contributed \$1 million to the westbound widening. (not yet completed)

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Jim Linthicum, Director of Mobility Management and Project Implementation

Gary Gallegos, SANDAG Executive Director

4. Does the organization have well-defined business policies and procedures?

Unclear at this time. Will confirm during interview process.

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Unclear at this time. Will confirm during interview process.

Research Candidate: Florida Department of Transportation

Description of Organization: Florida DOT has its own internal P3 program, developed by Public-Private Transportation Act in Section 334.30, Florida Statutes.

http://www.dot.state.fl.us/financialplanning/finance/private_transportation_facilities.shtm

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Two nationally prominent P3 projects in process currently:

- I-595 in Fort Lauderdale– first availability payment project in U.S., which is a well-known European model. Financial close in March 2009 and currently under construction.
- Port of Miami Tunnel – 2nd availability payment project, with financial close in October 2009. FDOT with Miami-Dade County and City of Miami. Completion of construction in about 5 years.

P3 projects under contract: <http://www.dot.state.fl.us/financialplanning/finance/P3%20Summary%20-%20Projects%20Under%20Contract.pdf>

2. Has the agency successfully constructed/opened a P3 project?

No. Two projects reached financial close, but construction not yet completed. I-595 is under construction.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact: Gerry O'Reilly, Director of Transportation Development at FDOT District 4, Lead FDOT Team for I-595. (954) 777-4411. Gerry.oreilly@dot.state.fl.us

Greg L. Schiess, P.E., Manager, Strategic Initiatives, FDOT Chief Engineer's Office, (850) 414-4146 (o), (850) 728-6992 (c), gregory.schiess@dot.state.fl.us

4. Does the organization have well-defined business policies and procedures?

Yes. Has Florida Administrative Code - Public Private Transportation Facilities. Also, modernized the Public-Private Transportation Act in Section 334.30, Florida Statutes. The Department may receive or solicit proposals and, with legislative approval as evidenced by approval of the project in the department's work program, enter into agreements with private entities, or consortia thereof, for the building, operation, ownership, or financing of transportation facilities.

<http://www.dot.state.fl.us/financialplanning/finance/p3%20partners%20information.htm>

http://www.dot.state.fl.us/financialplanning/finance/P3_Unsolicited_Proposal_Process.shtm

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

No detailed project selection process and criteria. The Department may advance projects programmed in the adopted 5-year work program or projects increasing transportation capacity and greater than \$500 million in the 10-year Strategic Intermodal Plan. (§338.165(6) Florida Statutes). The selection of projects on the State Highway System for construction, maintenance, or improvement with toll revenues shall be, with the concurrence of the Department and consistent with the Florida Transportation Plan.

Research Candidate: Texas Department of Transportation

Description of Organization: TxDOT has its own internal P3 program, developed as Comprehensive Development Agreements (CDAs).

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Nationally prominent P3 projects in process currently:

- North Tarrant Express Managed Lanes Project (I-820 and SH 121/183 (Airport Freeway)) – 13-mile corridor in Dallas-Fort Worth area to improve access to DFW International Airport. Financial close in December 2009 with Comprehensive Development Agreement (CDA) (Texas’s version of P3); not yet constructed. Unique P3 project for U.S. pension fund (Dallas Police and Fire Pension System) as a direct equity shareholder in a toll road concession and use of long-term private activity bonds (PABs).
- LBJ-635 Dallas County, Managed Lanes – TxDOT’s 2nd toll concession to reach commercial close in 2009 after North Tarrant Express. DBFOM. Construction anticipated for mid-2011 and open to traffic in late 2016.
- DFW Connector – Design-build.
- SH 130 - state-owned toll road in Austin being developed under public-private partnership for 50-year concession. The SH 130 extension, opening in 2012, is from SH 130/SH 45 Southeast near Creedmoor to I-10 east of Seguin.
- Trans-Texas Corridor – now referred to as the I-35 Corridor Program. Was originally an unsolicited proposal that is not going forward. Currently completing Tier 1 of the EIS with a “no action” decision. This means that the current unsolicited proposal P3/CDA will no longer be valid. Moving forward with individual projects related to I-35 and I-69, which could still be implemented as P3s in the future.

Note: In 2007, two-year moratorium placed on new P3s using CDAs (SB 792). In 2009 session, Legislature did not reauthorize CDAs, so by September 2009 no current ability to do new CDAs. Legislature next convenes in 2011, so only new toll projects in Texas must be launched by public-sector toll authorities. <http://www.txdot.gov/business/partnerships/cda.htm>

2. Has the agency successfully constructed/opened a P3 project?

The above projects are currently in process, but not yet constructed. Segments of SH 121 Corridor were developed as a form of P3 using a CDA.

Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact:

Mark Tomlinson
Division Director
Texas Turnpike Authority Division
(512) 936-0903
mtomlin@dot.state.tx.us

Ed Pensock
Director of Corridor Systems
Texas Turnpike Authority Division
(512) 936-0960
epensoc@dot.state.tx.us

3. Does the organization have well-defined business policies and procedures?

Since moratorium on new CDAs, policies and procedures are likely being redefined. Good example for lessons learned on public relations with tolling and P3s. Additionally, best current U.S. examples of achieving P3s through “best value” hard bid approach. Moving in future towards availability payments and pass-through tolling as options. In addition, current process allowed for local toll authority to have first development rights.

4. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Since moratorium on new CDAs, policies and procedures for projects are likely being redefined. However, as of 2007, had a project feasibility process led by KPMG. The process involved a quantitative preliminary toll financial feasibility analysis. TxDOT was starting to use a case-by-case approach to project review prior to the moratorium because the process was found to be too complex.

Research Candidate: Virginia Department of Transportation

Description of Organization: The Virginia Department of Transportation has an Innovative Project Delivery Division (IPD) which operates their P3 program. The Public-Private Transportation Act (PPTA) of 1995 allows private entities to enter into agreements to construct, improve, maintain and operate transportation facilities. <http://www.virginiadot.org/business/ppta-default.asp>

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

The following projects are under construction or interim agreement:

- Capital Beltway (I-495) High-Occupancy Toll (HOT) Lanes - currently under construction and planned to be opened by 2013. The total length of the concession is 85 years: 5 years for construction and 80 years of operation.
- I-95 / 395 HOT Lanes - financial close anticipated for 2011. Concession similar to I-495.
- Route 28 (six interchanges), Northern Virginia District - Work began September 2002
- Coalfields Expressway, Bristol District
- Route 58, Hillsville to Stuart (Salem District)
- Downtown Tunnel/Midtown Tunnel/MLK Extension (Under Interim Agreement to develop preliminary work to determine project feasibility)

The following projects are currently under review by VDOT's Innovative Project Delivery division:

- Dulles Rail, Northern Virginia area - Negotiations with Dulles Transit Partners began late January, 2003.
- U.S. Route 460 Corridor Improvements

2. Has the agency successfully constructed/opened a P3 project?

Public-Private Transportation Act has successfully delivered the following projects:

- Route 895 Pocahontas Parkway - a 8.8-mile-long freeway built 1998-2002
- Western Route 288 Richmond Beltway - a 17.5-mile-long freeway built 1999-2004
- Dulles Greenway - (built under the Virginia Highway Corporation Act of 1988, a one-time version of what later became PPTA), a 14-mile freeway built 1992-1995

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

The organization is considered a good example of completing P3s using a predevelopment approach and unsolicited proposals.

- Thomas W. Pelnik, III, P.E., Division Administrator, (804) 786-1103
- Mr. Raymond T. Partridge, Innovative Project Delivery Division, (804) 371-0128 email: raymond.partridge@vdot.virginia.gov

4. Does the organization have well-defined business policies and procedures?

The Virginia Public Private Transportation Act (PPTA) of 1995 ([§ 56-556 et seq. of the Code](#)) implementation guidelines, in accordance with the amendments enacted by the 2005 General Assembly; revised and updated 2008 are available for review. <http://www.virginiadot.org/business/ppta-Guidelines.asp>

The PPTA also has a six-phase proposal process. <http://www.virginiadot.org/business/ppta-process.asp>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

There is some element of project selection process within the PPTA guidelines developed.

http://www.virginiadot.org/business/resources/PPTA_Guidelines_FINAL_Revised_081205.pdf

Research Candidate: Oregon Department of Transportation

Description of Organization: Oregon has developed the Oregon Innovative Partnerships Program (OIPP), Office of Innovative Partnerships and Alternative Funding. ODOT, under OIPP, has a P3 agreement with Oregon Transportation Improvement Group (OTIG), a private organization, to deliver new transportation infrastructure to the state.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

The following P3 projects are under consideration:

- Oregon's Solar Highway (2008 Demonstration Project) - 104 kilowatt ground-mounted solar array, situated at the interchange of Interstate 5 — a federally designated *Corridor of the Future* — and Interstate 205, supplies about one-third of the energy needed for illumination at the site. Planned expansion, but not yet completed.
- South I-205 Corridor improvements - proposing widening Interstate 205 from Interstate 5 to about Oregon 212/224 was found *feasible* as a public-private partnership.
- Sunrise Corridor - highway and parkway connecting I-205 and U.S. 26 in Clackamas County was found *not feasible* as a public-private partnership.
- Newberg-Dundee Transportation Improvement Project - The proposed bypass corridor would be approximately 11 miles long on the south side of Newberg and Dundee.
- Road User Fee Pilot Program - The report shows the Oregon Mileage Fee Concept is feasible as an alternative revenue collection system for replacing the gas tax as the fundamental way the state pays for road work.

2. Has the agency successfully constructed/opened a P3 project?

No, just a 2008 Solar Highway Demonstration project. Have studied other transportation projects, but no projects yet constructed.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

James Whitty, Office of Innovative Partnerships and Alternative Funding Manager, (503) 986-4284, jim.whitty@odot.state.or.us

Art James, Innovative Partnerships, Project Director, (503) 986-3858, art.james@odot.state.or.us

4. Does the organization have well-defined business policies and procedures?

Yes. Has approved administrative rules for project procurement process. Oregon used international best practices and lessons learned when developing guidelines, policies and project screening process, similar to the approach by Caltrans in California and the Georgia DOT.

<http://www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml>

<http://www.oregon.gov/ODOT/HWY/OIPP/adminrules.shtml>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Yes. Has approved project selection criteria within 731-070-0020, General Selection Policies, portion of OIPP administrative rules; approved 2004. Oregon Transportation Commission must also approve OTIG projects. http://www.oregon.gov/ODOT/HWY/OIPP/docs/731_070.pdf

Research Candidate: Michigan Department of Transportation

Description of Organization: Michigan is in the process of developing P3 legislation (HB 4961). The Michigan bill would authorize the Director of the Department of Transportation to enter into P3s on behalf of the state. Michigan has organized an Office for Public-Private Partnerships and has held a P3 Summit in 2008.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Potential projects may include:

- Detroit River International Crossing (DRIC) - The Canada-U.S.-Ontario-Michigan Border Transportation Partnership (the Partnership) consists of the U.S. Federal Highway Administration, Transport Canada, the Ontario Ministry of Transportation and the Michigan Department of Transportation. In January 2004, a Partnership produced a final Planning/Need and Feasibility (P/NF) Study Report, identifying a long-term strategy to meet the needs of the transportation network serving the border between Southeastern Michigan and Southwestern Ontario.

2. Has the agency successfully constructed/opened a P3 project?

No projects at this time.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact: Joseph Pavona, Director, pavonaj1@michigan.gov, Phone: 517.373.3223

4. Does the organization have well-defined business policies and procedures?

Enabling legislation is not yet in place so no formal policies and guidelines. Governor Granholm called for the creation of a P3 investment fund within the Treasury Department to invest in financing and developing infrastructure and energy P3s, capital-asset improvements and other types of projects as determined by the state treasurer and the state budget director. Planning to use international P3 best practices to develop Michigan's P3 program.

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Not yet in place. Planning to use international P3 best practices to develop Michigan's P3 program.

Research Candidate: Indiana Department of Transportation

Description of Organization: Indiana Finance Authority (IFA), on behalf of Indiana DOT converted an existing public toll road to a concession. The IFA's primary mission is to oversee state-related debt issuance and provide efficient, effective financing solutions to facilitate state, local government and business investment in Indiana. The IFA is managed by the Public Finance Director of the State of Indiana. Enabling legislation is project-specific.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

- Indiana Toll Road (ITR) - The toll road has been in operation since 1956 and was converted in 2006 to a concession with a 75-year lease. First long term lease by a state of an existing public toll road in the United States. The ITR stretches 157 miles across the northernmost part of Indiana from its border with Ohio to the Illinois state line, where it provides the primary connection to the Chicago Skyway and downtown Chicago.

The ITR lease transaction was contingent upon authorizing legislation. House Enrolled Act 1008 (HEA 1008), popularly known as "Major Moves," was signed into law in late March 2006. On April 12, 2006, IFA executed the "Indiana Toll Road Concession and Lease Agreement" providing for a 75-year lease of the ITR. Pursuant to its terms, IFA agreed to terminate the current lease to the Indiana Department of Transportation, which had been operating the ITR for the previous 25 years. A ten-member board of directors oversees ITRCC (concession team) and its operations of the Indiana Toll Road. ITRCC formally assumed operational responsibility for the ITR on June 29, 2006.

- Ohio River Bridges and Illiana Expressway– In February 2010, the House passed a bill (SB 382) to authorize the use of a public-private partnership with tolls for the Ohio River Bridges project and a highway connecting northern Indiana and Illinois. Legislature is in process of enabling legislation for the project to be developed as P3. This project is in early stages of consideration as a P3 with no formal decision made.
- I-69 Project – Potential for development and financing of the 140+ mile I-69 project that will run from Indianapolis south to Evansville at a cost in excess of \$2 billion. Current plans are to develop the project through a concession. (By InDOT not IFA)

2. Has the agency successfully constructed/opened a P3 project?

No newly constructed P3 projects, just the conversion of an existing toll road facility.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact: Jennifer M. Alvey, Public Finance Director, (317) 233-4338 jalvey@ifa.in.gov
<http://www.in.gov/ifa/2348.htm>

4. Does the organization have well-defined business policies and procedures?

Conflict of interest policies: <http://www.state.in.us/indot/files/coipolicy.pdf>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Not yet in place. No enabling legislation for a statewide model for P3s. Right now, projects are enabled on a project-by-project basis. Some talks in legislature to change this legislation.

Research Candidate: City of Chicago, Illinois

Description of Organization: Under the leadership of Mayor Richard M. Daley, the City of Chicago has led the nation as the first local government to pursue and successfully close innovative leases of a toll road, an underground parking system, and a metered parking system.

In addition, SB 3482 is new legislation introduced in 2010 by state of Illinois - creates the Public-Private Partnerships for Transportation Act. Provides that the Act is intended to promote public-private partnerships for transportation by authorizing the Illinois Department of Transportation (the Department) and the Illinois State Toll Highway Authority (the Authority) to enter into public-private agreements related to the development, operation, and financing of transportation facilities and to encourage the practice of congestion pricing in connection with toll highways, pursuant to which higher toll rates are charged during times or in locations of most congestion.

6. Has the organization used public-private partnerships (P3) to develop a project(s)?

- Chicago Skyway - a 7.8-mile elevated toll road connecting I-94 (Dan Ryan Expressway) in Chicago to I-90 (Indiana Toll Road) at the Indiana border. The facility includes a 3.5-mile elevated mainline structure crossing the Calumet River. Built in 1958, the Skyway was operated and maintained by the City of Chicago Department of Streets and Sanitation. In March 2004, the City of Chicago issued a request for qualifications (RFQ) from potential bidders interested in operating the facility on a long-term lease basis in March of 2004. The Skyway Concession Company, LLC (SCC) assumed operations on the Skyway on January 26, 2005. SCC is responsible for all operating and maintenance costs of the Skyway but has the right to all toll and concession revenue. This agreement between SCC and the City of Chicago was the first long term lease of an existing toll road in the United States. 99-year lease commenced January 26, 2005
- Midway Airport – Illinois legislation allowing Chicago to lease Midway airport. Deal may not be moving forward due to consortium's inability to raise the capital, which blocked the successful completion of this transaction in 2009.
- CREATE project - Multimodal (freight rail, passenger rail and highway). CREATE represents the first time state and local governments have partnered with the railroad industry to solve the problem of auto and rail congestion on such a large scale. Received TIGER Grant to assist with development.
- Chicago Downtown Parking Systems

7. Has the agency successfully constructed/opened a P3 project?

No newly constructed P3 projects, just the conversion of an existing toll road facility and potential lease of existing Midway Airport.

8. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact unknown at this time.

9. Does the organization have well-defined business policies and procedures?

Good example of existing infrastructure leasing policies. In each public-private partnership, the City has policies regarding fair treatment of employees, a high level of safety and security, and strong performance, operating and engineering standards. Throughout each transaction, the City has provided great transparency in the competitive bidding process and through the planning of the use of lease proceeds. http://www.cityofchicago.org/city/en/depts/fin/supp_info/public_private_partnerships/asset_lease_agreements.html

Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Unclear at this time.

Research Candidate: North Carolina Department of Transportation

Description of Organization: Within the North Carolina Department of Transportation, the Alternative Delivery Unit exists to develop and provide the Department with alternative contracting methods for delivery of transportation projects. The Unit also investigates and implements value-added processes and products. The Alternative Delivery Unit is comprised of three sections: Design-Build, Value Management, and Alternative Contracts. North Carolina did have a separate P3 organization that spun off from the DOT as its own independent organization, but then came back under the umbrella of the DOT.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

No current P3 projects underway.

2. Has the agency successfully constructed/opened a P3 project?

No current constructed P3 projects.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

Contact: Steve DeWitt
Chief Engineer at North Carolina Turnpike Authority
steve.dewitt@ncturnpike.org
919-571-3000

4. Does the organization have well-defined business policies and procedures?

The 2009 P3 Policy and Procedures document provides guidance and procedures for the state's P3 program. http://www.ncdot.org/doh/preconstruct/altern/design_build/3ppolicy09.pdf

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

The 2009 P3 Policy and Procedures document provides guidance and criteria for selecting eligible P3 projects. http://www.ncdot.org/doh/preconstruct/altern/design_build/3ppolicy09.pdf

An Oversight Committee is maintained to guide the evaluation and selection of P3 projects. The membership of the Oversight Committee will mimic that of the Design-Build Executive Committee and include such Executive Department Staff such as the State Highway Administrator's office, Chief Engineer's Office, Administrator of the Technical Services Division, Preconstruction Branch Manager, Design Branch Manager, State Transportation Program Management Engineer, etc. This Oversight Committee will also be responsible for general oversight of the Public Private Partnership Program, procedures, and performance measures.

Research Candidate: Canada, Partnerships British Columbia

Description of Organization: Within Canada, Partnerships British Columbia (BC), formed in 2002, is a company responsible for bringing together ministries, agencies and the private sector to develop projects through P3s. As a company registered under the Business Corporations Act, Partnerships BC is wholly owned by the Province of British Columbia and reports to its shareholder the Minister of Finance. Partnerships BC is an organization many other states are evaluating to develop best practices in P3 processes and policies, such as Georgia, California and Oregon, because the organization is known as the current best practice for P3 project/program development and implementation. <http://www.partnershipsbc.ca/index.html>
http://www.bclaws.ca/Recon/document/freeside/--%20p%20--/21_partnership%20act%20rsbc%201996%20c.%20348/00_96348_01.xml

Partnerships BC's involvement can include some or all of the following in developing P3 projects:

- Business case analysis to determine the best model for delivering a project.
- Management of the competitive selection process, including writing and issuing requests for qualifications and requests for proposals, facilitation of fair evaluation of proposals, and final negotiations to reach a contract that meets the project objectives and delivers value to BC taxpayers
- Project and contract management throughout the life of the project.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Yes, 25+ P3 projects. Partnerships BC has an extensive range of P3 projects either completed or in process. <http://www.partnershipsbc.ca/files/projects.html>

2. Has the agency successfully constructed/opened a P3 project?

Yes. The following link provides a summary of P3 projects that are constructed and operational. <http://www.partnershipsbc.ca/documents/pbc-project-overview-03feb10.pdf>

The following are some examples of transportation projects completed and open to traffic:

- Sierra Yoyo Desan Resource Road – a 188-kilometre-long major upgrade of the Sierra Yoyo Desan Road through a Design-Build-Finance-Operate-Maintain arrangement. Completed in 2005. Client: Ministry of Energy & Mines, Partnerships BC's role: Procurement Manager
- Kicking Horse Canyon Bridge - replacement of Park Bridge (10 Mile) and the upgrade of highway approaches. Client: Ministry of Transportation, Partnerships BC's role: Procurement Manager
- Sea-to-Sky Highway Improvement Project - Major improvements of the Sea-to-Sky highway between Horseshoe Bay and Whistler to improve its safety, reliability, and capacity. Client: Ministry of Transportation, Partnerships BC's role: Procurement Manager
- Golden Ears Bridge - A new six-lane toll bridge across the Fraser River to improve the movement of people and goods in greater Vancouver. Client: TransLink, Partnerships BC's role: Adviser

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

The organization has a management team that has coordinated with other states in the U.S. to share lessons learned and best practices. The following link provides key management team staff contacts. <http://www.partnershipsbc.ca/files/management-team.html>

Jennifer Davies

Assistant Vice President
Communications and Government Relations
Partnerships British Columbia
Direct: 604.660.0946
Cell: 604.307.6183
Jennifer.Davies@partnershipsbc.ca

4. Does the organization have well-defined business policies and procedures?

Yes. British Columbia looked to leading P3 countries such as the United Kingdom and Australia to seek the most appropriate model for an agency to lead the development of P3s. Known for their business policies and procedures. <http://www.partnershipsbc.ca/files/governance-practices.html>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Partnerships BC works with clients in the early stages of project analysis to examine the feasibility and viability of a project for P3 implementation, “value for money”. The organization is known for their project eligibility and selection process. Projects are analyzed to see whether they can best be delivered through a partnership model. When a government department or Ministry decides that a partnership model is the best choice, then Partnerships BC can support and advise that department or Ministry. <http://www.partnershipsbc.ca/files/quantitative-procurement-options-analysis.html>

Research Candidate: Australia, Partnerships Victoria

Description of Organization: Within Australia, Partnerships Victoria, formed in 2000, provides the framework for a whole-of-government approach to the provision of public infrastructure and related ancillary services through P3s. It is a part of the Department of Treasury and Finance.

1. Has the organization used public-private partnerships (P3) to develop a project(s)?

Yes. Partnerships Victoria has an extensive range of P3 projects either completed or in process.

2. Has the agency successfully constructed/opened a P3 project?

There are 20 Partnerships Victoria projects in existence worth around \$10.25 billion in capital investment. Majority of projects are vertical, rather than horizontal (transportation infrastructure) projects. Well-know P3 projects include:

- Citylink – Opened in 2000 to provide north-south connection to Melbourne’s central business district and airport.
- Eastlink – opened in 2008 to provide north-south connection on eastern fringe of Melbourne.

3. Would the organization be willing to be interviewed and share information for lessons learned and best practices?

The organization has a management team that has coordinated with other states in the U.S. to share lessons learned and best practices. The following link provides key management team staff contacts. <http://www.partnerships.vic.gov.au/CA25708500035EB6/0/A0C84DC7F59055A4CA257092001749BA?OpenDocument>

4. Does the organization have well-defined business policies and procedures?

Yes. The organization has developed a strategic blueprint for the nation's future infrastructure needs – National P3 Guidelines. Known for having a “cookbook” of guidelines and policies for P3 best practices. <http://www.partnerships.vic.gov.au/CA25708500035EB6/0/34B5D8DAB9F589D8CA2570920017139A?OpenDocument>

5. Does the organization have a policy/procedure to define and select eligible P3 projects for the organization to develop?

Considered a mature P3 organization. “Value for Money” guidelines are used to assess project eligibility as a P3. The project selection policy focuses on whole-of-life costing and full consideration of project risks and optimal risk allocation between the public and private sectors. Only if the project demonstrates value for money as a P3 will it proceed forward as a P3 project.

Selected P3 Organization Interviews

Georgia

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Phone interview with Daryl VanMeter and Chip Meeks of the Georgia Department of Transportation (GDOT) on June 9, 2010.

Darryl VanMeter, P.E.

Innovative Program Delivery Administrator
(404) 631-1703

Chip Meeks, Administrator

Office of Innovative Finance
(404) 631-1300

1. How was your P3 organization/department formed initially?

- In accordance with legislation adopted by the Georgia General Assembly in 2009, GDOT has created a dedicated P3 Division and operates as the Georgia Public Private Partnership Program. This designation means it has high priority within the state as a Division. (Prior legislation had an innovative financing unit under the Treasurer.) The Georgia Public Private Partnership Program is supported internally by the P3 Steering Committee, which includes the Department Commissioner, two members of the State Transportation Board and representatives from each major division within the Department. The Division is further supported by a P3 Working Group, comprised of dedicated staff members, consultants and other advisors. <http://www.dot.state.ga.us/informationcenter/p3/Pages/default.aspx>

2. What was the key mission for forming your P3 organization/department?

- Provide congestion relief on key corridors.
- The Georgia Public Private Partnerships Program mission: “The P3 program is intended to seek innovative project delivery and innovative financing solutions from the private sector to meet the State’s transportation infrastructure needs. The P3 program is one of many programs available to the Department to fulfill its mission. The goal of the P3 program is to create a fair, transparent and reliable process to support a climate for private sector innovation and investment in a manner that provides value and benefit to the State’s transportation system.”

3. What would you say were the key ingredients/best practices to successfully getting your organization’s program started and implementing a first P3 project?

- Developed an effective and detailed project eligibility/screening process – considered a best practice nationally (See Appendix B, P3 Organization Reference Materials)
- Developed a project/system optimization model (AltaViz) that considered different ways or “what ifs” to optimize and deliver projects within the Managed Lanes System Plan (MLSP). Provided program a tool to test project feasibility and various project delivery scenarios.
- Being willing to shift directions to do what was best for the state. Terminated original unsolicited proposal process and revised legislation/policies to be more in-line with GDOT priorities and transportation needs. Desire to go forward in a programmatic, systematic fashion.

- 4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?**
- Managing risks is a key issue. Consider the risks to the P3 Division, as well as the risks of having private industry involvement. GDOT has a project risk assessment process developed to further consider risk allocation. (See Appendix B, P3 Organization Reference Materials for Project Risk Allocation)
 - P3s are different than traditional DOT projects and processes – have to be willing to learn new ways of doing business. “This is the way we have always done it” won’t work under P3 approach.
- 5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?**
- Need to be open-minded as move forward and willing to adapt.
 - Try to anticipate budget needed for full P3 project implementation process – different from traditional DOT project delivery.
 - Spend time on planning and reviewing other P3 organizations and programs – everyone has lessons learned and best practices to offer. However, remember every project is unique so stay flexible.
 - Hire an Executive Director that is flexible and adaptable; understands DOT dynamics; good at building network. Executive Director is important position, but how and who you staff the rest of the Division with is equally critical. Especially, a strong attorney or legal person assigned to Division who is strong at research and has the time for the research and weeding through P3 options.
 - Secure outside experts with P3 experience to assist you with your program.
- 6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?**
- Legislature created the Georgia Public Private Partnerships Program as a Division of the Georgia DOT.
 - The Georgia Public Private Partnership Program is supported internally by the P3 Steering Committee, which includes the Department Commissioner, two members of the State Transportation Board and representatives from each major division within the Department. The Division is further supported by a P3 Working Group, comprised of dedicated staff members and advisors.
 - Able to share staffing resources and funding from STIP.
- 7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?**
- Division of the Georgia DOT. Separate procurement process for projects through the Georgia Public Private Partnerships Program.
 - The Georgia Public Private Partnership Program is required to identify and submit to the State Transportation Board a list of projects on the Statewide Transportation Improvement Program, or otherwise identified, that should be considered for pursuit as P3s. Once projects have been identified, they go through a rigorous screening process to determine their viability as a P3 project and identify how they compare to other projects under consideration.

8. How is your P3 organization/department funded?

- Majority of funding comes from STIP allocations since Division of GDOT. No separate funding source specific to P3 Division.
- Projects are initiated through state's planning process.

9. Are there key elements within the organization's enabling legislation/operating policies/agreements that have been critical to the organization's success? Any elements that have hindered your success?

- Legislation does allow for a system approach to tolling projects/program of projects. Will make it possible to implement the managed lanes system plan (MLSP) approach if desired.
- Legislation gives GDOT alone the authority to implement P3s – no separate tolling authorities or other entities have the ability to implement P3s. These entities have different goals and objectives. There is some additional coordination necessary between the Georgia State Road and Tollway Authority and GDOT P3 Division due to the legislation. Georgia State Road and Tollway Authority – partnership and agreements with GDOT and P3 Division to set toll rates and administer tolling.

10. Have you done any market sounding to gage private interest in developing potential P3 projects? If so, what types?

- No specific set market sounding process. However, 3 Consortia, well-known P3 players, responded to first WxNW project RFQ.

11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?

- No specific strategic/business plan, but GDOT has developed administrative rules and guidelines for their P3 program. The following link provides details on rules, guidelines and reports GDOT has developed for the P3 program, the solicitation process, and evaluating eligible projects.(See Appendix B, P3 Organization Reference Materials for Georgia Guidelines); also:
<http://www.dot.state.ga.us/informationcenter/p3/administration/Pages/default.aspx>
- GDOT has 3 key goals for P3 program moving forward in 2010:
 - Goal 1: Create a P3 Division with an effective and functional organization structure
 - Goal 2: Finalize and endorse P3 program guidelines and policies.
 - Goal 3: Get first P3 project solicitation process initiated by June 2010. (WxNW Project)

12. What steps does your organization take to test a potential project's viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?

- Georgia has a process in place for evaluating potential P3 projects – a best practice in the country
- Case-by-case look at what is optimal approach to each project
- Applied process to Managed Lane System Plan and developed an evaluation model
- Georgia Project Eligibility Criteria:
 - Potential for Value Added from Private Sector Involvement
 - Institutional/Political Support
 - Project Scope Suitability
 - Financial Feasibility
 - Project Maturity
 - Market Interest

(See Appendix B, P3 Organization Reference Materials, for Georgia project eligibility criteria and screening process; also: <http://www.dot.state.ga.us/informationcenter/p3/Documents/P3Guidelines.pdf>)

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- Original P3 Approach – Unsolicited Proposals. *Let the market suggest solutions to transportation problems.*
- Lessons Learned from unsolicited proposal approach:
 - SR 400 freeway in Atlanta received Unsolicited Proposal
 - Markets interests are not always aligned with state transportation interests
 - Project priorities can be different – Return on investment (ROI) versus transportation system needs
 - Result: GDOT rejected proposals and has new approach to P3 procurement – New P3 legislation eliminated unsolicited proposals and allows only solicited proposals
 - (Note: Georgia article in Appendix F, Strategic Planning Workshop, Handouts)

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- First project is within procurement process:
- Managed Lanes System Plan (MLSP) - 18 Projects, \$16 B; Objective of Plan: Reduce congestion by adding capacity.
- 1st Project from Plan - I-75/I-575 West by Northwest Project - The solicitation of Georgia's first P3 project was initiated on February 26, 2010. This represents a “best value” (hard bid) toll concession. GDOT hopes to reach financial close by July 2011.
- \$2.3 B, 50-year Concession, 2-Phases. Ph1: 29-mile managed Lane system on I-75 and I-575 Northwest Corridor; Ph 2: Predevelopment agreement for 27-mile managed Lane system west wall of I-285 and portion I-20 Western Corridor. www.georgiaP3.com/WNW.
- 3 Consortia, well-known P3 players, responded to RFQ

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- Mainly focused on managed lanes and tolling at this time.

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

- Think about your organization’s key objective for choosing to do P3 projects: ROI versus transportation needs (congestion relief, safety, state priority project). Public and private industry can have different objectives for projects.

Oregon

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Phone interview with James Whitty of Oregon Office of Innovative Partnerships and Alternative Funding on June 8, 2010.

James Whitty

Manager, Office of Innovative Partnerships and Alternative Funding
(503) 986-4284

jim.whitty@odot.state.or.us

1. How was your P3 organization/department formed initially?

- In 2001, legislature initiated the Road User Fee Task Force to consider a new revenue system to replace the state fuel tax. Also created an Innovative Financing Advisory Committee.
- Oregon has traditionally relied on taxes, fees and federal grants to fund transportation projects, but these sources are no longer meeting infrastructure needs. As a result, the Oregon Transportation Commission in 2002 appointed the Innovative Finance Advisory Committee to study the issue. The committee presented the Public-Private Partnerships for Oregon Transportation Projects to the 72nd Legislative Assembly of the Oregon State Legislature in February 2003.
- The 2003 Oregon Legislative Assembly passed Senate Bill 772 to establish the Oregon Innovative Partnerships Program within the Oregon Department of Transportation. SB 772 gave ODOT broad authority to enter into contractual relationships in the form of partnerships with private sector firms and units of government.

2. What was the key mission for forming your P3 organization/department?

- Break down barriers standing between the state's transportation infrastructure needs and the critical but unfunded transportation projects identified to meet those needs in new and innovative ways.
- Provide a service to the Oregon DOT and the citizens of Oregon.
- The Oregon Innovative Partnerships Program goal is "to speed project delivery and encourage innovation by bringing new funding, expertise and technology together to maximize public investment in transportation. Expedite Project Delivery. Maximize Innovation. Develop Partnerships."

3. What would you say were the key ingredients/best practices to successfully getting your organization's program started and implementing a first P3 project?

- Consider all untapped revenue potential – road user fees, land leasing, solar/wind energy, alternative fueling stations/corridors.
- Include early coordination with stakeholders to build acceptance and support of your program.
- Develop your organization's key messages and share them with stakeholders and the public. That way, better able to manage the media relations, politics, etc.
- Transparency is important.
- Be flexible – strategic direction can change with politics, economic climate, etc.
- Oregon is focused on being a national leader in "green" transportation.

- 4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?**
- Lack of stakeholder support can impact project successful implementation. Experience through road user fee studies, alternative fueling corridor, OTIG tolling corridor studies – all good projects, but not yet implemented in part due to lack of stakeholder support.
 - Not navigating the politics and media relations well. These types of projects require navigating high-profile issues.
- 5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?**
- Need to involve stakeholders early in the project development process.
 - Experience has taught value of first doing a public-private financial comparator analysis to determine whether a specific project makes more sense to deliver through public or private approach. Another benefit of this approach is that it offers more information on why or why not the organization decided to involve the private industry – more transparency for public and stakeholders.
 - Hire an Executive Director that is media and politically savvy. Need to recognize and navigate the state politics well. Need to be able to work through high-profile issues to get projects through the development process.
 - Take time for program strategic planning rather than jumping right into project development.
- 6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?**
- Legislature created the Office of Innovative Partnerships and Alternative Funding as a Division of the Oregon DOT.
 - Able to share staffing resources and funding from STIP.
 - Able to be the creative arm of the DOT and look at other untapped revenue sources.
- 7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?**
- Division of the Oregon DOT. Separate procurement process for projects through the P3 Division.
 - Projects must be enrolled in the P3 program by the Transportation Commission.
- 8. How is your P3 organization/department funded?**
- Legislation created a Transportation Enterprise Fund, but it is used for accounting purposes only. Majority of funding comes from STIP allocations.
 - Considering additional revenues from untapped revenue streams in the state, such as right of way leasing to solar/wind farms, farming for biodiesel, utilities/fiber optics, etc. (Utah concept)
- 9. Are there key elements within the organization's enabling legislation/operating policies/agreements that have been critical to the organization's success? Any elements that have hindered your success?**
- The enabling legislation put very few limits in place, which allowed for greater innovation. Most limits are labor-related, such as overtime and prevailing wage.

- Key elements of procurement process/policies that allow for success include: able to mix assets, shift risk to private industry, shorten project development and delivery timeframes, extend letters of credit, and sole source when desired.

10. Have you done any market sounding to gage private interest in developing potential P3 projects? If so, what types?

- Gaged private interest through solicitation of concession/consortium to oversee P3 program for 3 tolling projects (Oregon Transportation Improvement Group).

11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?

- No formal business/strategic plan, but Oregon reviewed international best practices and lessons learned when developing guidelines, policies and project screening process. (Several example planning and policy documents are included in Appendix B, P3 Organization Reference Materials.)
<http://www.oregon.gov/ODOT/HWY/OIPP/innovative.shtml>
<http://www.oregon.gov/ODOT/HWY/OIPP/adminrules.shtml>
- Strategic direction changes with politics/administration. Always evolving.
- One key strategy of Oregon is to incorporate Green Initiatives/Projects within the state.

12. What steps does your organization take to test a potential project's viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?

- 2 Fundamental Goals of P3 projects – 1) offers faster project delivery, and 2) offers innovation
- Had project evaluation process/criteria for 3 toll projects considered. (See Appendix B, P3 Organization Reference Materials, for copy of process/criteria used)
- Oregon Project Eligibility Criteria:
 - ODOT Project Sponsor Identified (Solicited and Unsolicited) – point person to navigate potential project through the evaluation process/criteria.
 - Addresses Transportation Need
 - Leverages New Revenue
 - Project Feasibility
 - Reduce Project Delivery Time/Enhance ODOT Operations
 - Public (Local/ODOT/Political) Support

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- Can accept both solicited and unsolicited proposals.
- The procurement process is very flexible and can change depending on the specific project.
- Developed a solicitation process for selecting a concession team to oversee evaluation and predevelopment of a program of 3 toll projects. This approach was conducted at the time because Oregon wanted a team to assist them with their P3 education and to learn from their past experiences. The concession team hired was called the Oregon Transportation Improvement Group (OTIG). OTIG then had rights to develop the project(s) if project(s) were found feasible for toll implementation and moved forward. Contract with OTIG is currently over and each project considered ran into some difficulties and are not yet being implemented.

- Lessons learned from OTIG experience: Needed more time for early organization strategic planning and careful study first before jumping into specific projects. No time to develop stakeholder support of projects/P3 program prior to OTIG so considered to have moved too early and fast.
- Oregon is considering a different approach to their P3 model as they move forward – public-private comparator approach to see if public or private delivery is best approach for specific project.

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- No projects completed yet. The following P3 projects are under consideration:
 - Oregon’s Solar Highway (2008 Demonstration Project) - 104 kilowatt ground-mounted solar array, situated at the interchange of Interstate 5 — a federally designated Corridor of the Future — and Interstate 205, supplies about one-third of the energy needed for illumination at the site. Planned expansion, but not yet completed.
 - Concession team (Oregon Transportation Improvement Program) 3 toll projects considered:
 - South I-205 Corridor improvements - proposing widening Interstate 205 from Interstate 5 to about Oregon 212/224 was found feasible as a public-private partnership.
 - Sunrise Corridor - highway and parkway connecting I-205 and U.S. 26 in Clackamas County was found not feasible as a public-private partnership.
 - Newberg-Dundee Transportation Improvement Project - The proposed bypass corridor would be approximately 11 miles long on the south side of Newberg and Dundee.
 - Road User Fee Pilot Program - The study shows the Oregon Mileage Fee Concept is feasible as an alternative revenue collection system for replacing the gas tax as the fundamental way the state pays for road work. Some stakeholder issues with planned delivery, but currently working on best implementation approach that provides motorist choices on payment options, accounting/reporting for mileage traveled, allows for evolving new technologies.
 - Alternative Fuels Corridor on I-5 – considered alternative fueling stations along the I-5 corridor. Partnership with service stations. Project was not found to be feasible – may still consider in future. Political issues with opposition from convenience carriers.

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- As mentioned above, national leader in study of Road User Fees to replace state fuel tax.
- Study of 3 P3 tolling corridors, but none yet implemented.
- Study of alternative fuels corridor, but not yet implemented.
- Have a truck weight-distance tax – only one in the nation that charges trucks by mileage distance. (Trucks are not in support)
- Proponent of increasing revenues through leasing of assets

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

Florida

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Phone interview with Greg Schiess (Manager, Strategic Initiatives, FDOT's Chief Engineer's Office), Gerry O-Reilly (Director of Transportation Development at FDOT District 4, Lead FDOT Team for I-595), Clay McGonagill (Chief Counsel's Office), Leon Corbett (Manger, Project Finance Office Public-Private Partnerships) and James Jobe (Manager, Federal Aid Management Office) of the Florida Department of Transportation (FDOT) on June 14, 2010.

Gregory Schiess, P.E.

Manager, Strategic Initiatives, FDOT Chief Engineer's Office

(850) 414-4146 (o)

(850) 728-6992 (c)

gregory.schiess@dot.state.fl.us

1. How was your P3 organization/department formed initially?

- Initially formed through the Public-Private Transportation Act as described within Section 334.30, Florida Statutes. http://www.dot.state.fl.us/financialplanning/finance/private_transportation_facilities.shtm
- FDOT is decentralized; therefore there was no separate P3 organization formed within the Department solely responsible for the P3 program. Representatives from many disciplines within the department are selected to be on a team assigned to a specific P3 project.

2. What was the key mission for forming your P3 organization/department?

- The Legislature found and declared that there is a public need for rapid construction of safe and efficient transportation facilities for the purpose of travel within the state, and that it is in the public's interest to provide for the construction of additional safe, convenient, and economical transportation facilities.
- Primary focus of P3 projects is on new capacity
- Develop solid, transparent and competitive P3 process

3. What would you say were the key ingredients/best practices to successfully getting your organization's program started and implementing a first P3 project?

- Known nationally as the best current U.S. example of achieving P3s through availability payments model.
- Important to select the right projects for P3 – not all projects are right. At Florida DOT, P3s are likely to be the exception not the rule. When deciding to deliver using a P3 approach, want to be sure that project is a success story.
- Make sure you align the DOT and Concession team's goals. Goals may be different for both parties.
- For first project, advance small milestones of work to show successful progress to public and media, as well as to get processes and procedures in place successfully and effectively. "intermediate milestones"

4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?

- Aggressive schedules on projects can be challenging to oversee and still get project technical results DOT wants. "Time is money"
- Risk allocation on projects. Risks should be considered before making decisions.
- Not selecting the right projects as P3s.

5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?

- Be flexible in procurement, contracting, and finance process – each project is unique
- A properly structured deal can be financed, even in the toughest of markets. Florida was able to do so, even in 2009 market conditions.
- Pick the right projects
- Be patient and start at the right time
- Get right of way and environmental work clear or almost clear before starting P3 procurement process
- Partnership is key to success – Governmental support is critical to the success of any P3 transaction
- Secure government and community stakeholders’ support; be transparent and have an interactive process
- Be flexible, clear, consistent, and persistent
- Secure outside experts with P3 experience to help you
- Understand how concession teams do business – how they market, how they develop alternative technical concepts, versus how they actually perform the work once project is underway. There is also a difference in their planning and focus for getting the project done, versus the long-term maintenance and operational aspects of the project under a concession approach. Focused first on getting the project done as quickly and cheaply as possible.

6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?

- The Florida Department of Transportation is a decentralized organization with seven districts and the Florida Turnpike Enterprise. No separate organization was formed within the department solely responsible for the P3 program. Representatives from many disciplines within the department are selected to be on a team assigned to a specific P3 project. The majority of the P3 projects have been managed by one of the Districts.

7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?

- Since decentralized approach, partnerships between DOT departments are project-specific and can shift for various projects. Individuals representing management, legal, financial, procurement, and engineering and operations make up the core group responsible for project management with the assistance of a large number of department personnel as well as outside experts. The central office also has a core group representing the disciplines listed above that are involved in each of the P3 projects.

8. How is your P3 organization/department funded?

- The purpose of [s. 334.30, Florida Statutes](#), as amended in 2004, is to allow financial assistance from the Private Sector to advance projects programmed in the adopted 5-year work program using funds provided by public-private partnerships or private entities to be reimbursed from Department funds for the project as programmed in the adopted work program. In accomplishing this, the Department may use state resources to participate in funding and financing the project as provided for under the Department's enabling legislation for projects on the State Highway System.

9. Are there key elements within the organization’s enabling legislation/operating policies/agreements that have been critical to the organization’s success? Any elements that have hindered your success?

- Section 334.30, Florida Statutes - Considered to provide broad, flexible P3 authority, “credit-worthy” P3 program
- Cannot commit more than 15% of work program funds to P3 projects in any given year
- Requires Independent Cost Effectiveness/Public Benefit Analysis of potential projects
- Mandates independent investment grade Traffic and Revenue analysis where applicable
- Requires FDOT to receive a portion of the excess revenues as part of the Concession Agreement
- FDOT must provide a summary of new P3 projects as part of the submission of the FDOT Work Program
- Requires private entities to acquire surety bonds, letters of credit, parent company guarantees, and/or lender and equity partner guarantees.
- Authorizes leases of existing FDOT Toll Facilities (excludes Turnpike facilities)
- Allows the Department to enter into availability payment or shadow tolling agreements
- Terms up to 50 years, or up to 75 Years with Secretary approval, terms over 75 years must be approved by Legislature

10. Have you done any market sounding to gage private interest in developing potential P3 projects? If so, what types?

- Hold industry forums where valuable. Convene with industry to discuss latest plans for project. Provide a project presentation prior to procurement process. Q&A opportunity for interested parties. (I-595 had industry forums)
- Sometimes follow-up with one-on-one sessions.

11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?

- No specific strategic/business plan for FDOT P3 program, but Florida Statutes are considered to be guiding principles. ([s. 334.30, Florida Statutes](#))

12. What steps does your organization take to test a potential project’s viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?

- No detailed project selection process and criteria. The Department may advance projects programmed in the adopted 5-year work program or projects increasing transportation capacity and greater than \$500 million in the 10-year Strategic Intermodal Plan. (§338.165(6) Florida Statutes). The selection of projects on the State Highway System for construction, maintenance, or improvement with toll revenues shall be, with the concurrence of the Department and consistent with the Florida Transportation Plan.
- Florida does perform “Value for Money” analysis to evaluate financial potential of projects. Independent Cost Effectiveness/Public Benefit Analysis of projects.

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- The Department may receive or solicit proposals and, with legislative approval as evidenced by approval of the project in the department's work program, enter into agreements with private entities, or consortia thereof, for the building, operation, ownership, or financing of transportation facilities.

<http://www.dot.state.fl.us/financialplanning/finance/p3%20partners%20information.htm>

http://www.dot.state.fl.us/financialplanning/finance/P3_Unsolicited_Proposal_Process.shtm

- Preferred approach: “Hard Proposal” to deliver best value

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- Two nationally prominent P3 projects in process currently:
 - I-595 in Fort Lauderdale– first availability payment project in U.S., which is a well-known European model. Financial close in March 2009 and currently under construction.\$1.2B. Tolls to be collected by Florida Turnpike Enterprise.
 - Port of Miami Tunnel – 2nd availability payment project, with financial close in October 2009. FDOT with Miami-Dade County and City of Miami. Completion of construction in about 5 years. \$607M.
 - First Coast Outer Beltway - \$1.9B, Concession agreement – real toll deal approach.
 - Alligator Alley – asset lease agreement.
- P3 projects under contract: <http://www.dot.state.fl.us/financialplanning/finance/P3%20Summary%20-%20Projects%20Under%20Contract.pdf>

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- First availability payment project in U.S.(I-595 and Port of Miami Tunnel) - The “owner,” meaning the government entity, “pays” to the extent the facility is open to traffic and meets contractual performance specifications for operations and maintenance.
- Tolling through the Florida Turnpike Enterprise (Turnpike Revenue Bonds)
- Right of Way and Bridge Bonds
- GARVEE Bonds
- Seaports Bonds
- State Infrastructure Bank

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

- P3 does not mean you can simply turn over the project to the private industry to implement a project for you – you are likely just as involved with this approach as on a typical project, but using a different business model to do so.

North Carolina

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Phone interview with Steve DeWitt of North Carolina Turnpike Authority on May 19, 2010.

Steve DeWitt

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1. How was your P3 organization/department formed initially?

- Initially, the North Carolina Turnpike Authority (NCTA) was created by the legislature as a separate organization from the North Carolina Department of Transportation (NCDOT). At the time, the separation was to develop an organization to focus on creative and innovative ways to develop projects using non-traditional approaches. DOT was not considered progressive enough within state.
- In recent years, the NCTA has come back under the umbrella of the NCDOT as a Division of the NCDOT. The past administration and DOT leadership has changed over. New administration and leadership has been more focused on NCTA and NCDOT working together as team to accomplish projects.

2. What was the key mission for forming your P3 organization/department?

- Evaluate innovative ways to deliver projects that were not hindered by traditional DOT ways of doing business.
- Look at new and innovative financing options for projects, including tolling and P3s.
- Be more creative and progressive.
- Be more visionary.

3. What would you say were the key ingredients/best practices to successfully getting your organization's program started and implementing a first P3 project?

- Having effective and visionary DOT leadership in place. "Leadership success".
- Applying a "business case" approach to program.
- Striking a good balance between public sector employees and private sector consultants/contractors involvement in project – business model changes from traditional projects and how you utilize resources.

4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?

- Absence of strong legislative support for project or program.
- Need to have the right DOT leadership with vision.
- Need a partnering approach – can't work as effectively without the DOT
- Not understanding the essentials of project development and the coordination involved.
- Filling funding/financing gaps.

- 5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?**
- Importance of choosing the right projects and getting them done effectively. Successful first project is key to gaining continuing local/legislative support and development of program.
 - Successful first toll project is also critical. Triangle Expressway was a project success that made tolling more acceptable within state.
 - Importance of transparency.
 - Need Executive Director that has a good understanding of finance and innovative delivery mechanisms; “business case” focus. Also helpful to understand politics, and have good understanding of project development and engineering, tolling and its marketing and operational needs.
 - Need a divisional team that works well together to move projects forward. Need to have a good network you can count on.
 - Don’t underestimate interagency coordination and agreements that are necessary.
 - Getting a deal for a project that works for both the public sector and the private sector is tough and takes time.
- 6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?**
- NCTA is a Division of NCDOT. Initially a separate state organization to focus on innovative delivery and tolling.
 - Key staff structure includes Executive Director, CFO, COO/Toll Technology Officer, Chief Engineer, and Legal Counsel.
- 7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?**
- The NCTA and NCDOT are now an integrated team. This way, NCTA has the strength and backing of the DOT, which aids with bond ratings/bonding capacity, cash management, sharing of funding, operations and maintenance, etc.
 - NC has found that it was more efficient and less redundant if the NCTA and NCDOT worked together. Share staff and allocate resources better.
 - The NCTA as a Division of the NCDOT still procures and can implement their own projects.
- 8. How is your P3 organization/department funded?**
- Utilize traditional STIP funds for project development. Have a financial tie to the NCDOT.
 - Prior to that, when a separate organization, unfunded mandate and interagency agreements had to be in place to share funding from NCDOT. Funding was challenging.
- 9. Are there key elements within the organization’s enabling legislation/operating policies/agreements that have been critical to the organization’s success? Any elements that have hindered your success?**
- Legislation and policies allow for system approach to projects; however, have not utilized this ability yet.

- Enforcement legislation is challenging - Any toll violation revenues have to go to education within the state. NCTA needs the revenues from the fines to recoup the costs of toll collection. Policies and fees structures also need to be reconsidered.
- State IT agreement issues – important to consider IT and other technology needs when developing legislation or interagency agreements.

10. Have you done any market sounding to gauge private interest in developing potential P3 projects? If so, what types?

- Solicited proposal process – do not allow for unsolicited proposal to identify projects.
- NCTA does not necessarily select potential tolling or P3 projects - Local officials/legislators request that NCTA move a project forward and evaluate tolling.
- No other defined market sounding.

11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?

- No specific business plan/strategic plan in-place.

12. What steps does your organization take to test a potential project’s viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?

- No specific project eligibility criteria or guidelines in place.
- Consider public approach to implementing project first. If public approach is determined not to work, conduct “Value for Money” analysis (public-private comparator).
- Projects are identified by legislature for consideration for tolling and/or P3s – NCTA does not select projects.

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- Solicited procurement process only. No unsolicited proposals.
- Utilize a competitive, quals-based procurement process. Predevelopment agreement approach.

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- In progress with first P3 project, the mid-Currituck County Bridge
- Project details: 5.5-mile bridge over the mid-Currituck Sound, 1-mile bridge/fill across the swamp as well. Connects US 158 on mainland to NC 12 on outer bank side.
- Project area has high-end development with predominantly absentee owners for investment with high rental properties.
- Concession team selected for first P3 project – ACS partners, collectively known as Currituck Development Group, LLC
- Financial close for project anticipated in early 2011.
- Got to have right projects, this could be the only P3 project. Exploring all funding/financing options first before considering other P3s.

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- TIFIA loans have been utilized in coordination with tolling projects.
- Tolling will be utilized for first P3 concession project.
- Currently exploring Build America Bonds.
- Right-of-way buying and re-selling.

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

- Have multiple plans of project delivery and finance under consideration to get a project implemented. Climate is always changing and evolving.

Texas

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Phone interview with Mark Tomlinson of the Texas Turnpike Authority on June 7, 2010.

Mark Tomlinson

Division Director

Texas Turnpike Authority Division

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1. How was your P3 organization/department formed initially?

- Approximately 15 years ago, began as separate organization, the Texas Turnpike Authority (TTA), but came back under Texas Department of Transportation (TxDOT) umbrella as DOT Division. Has remained the Texas Turnpike Authority Division since that time.
- In 2007, SB 792 placed a two-year moratorium on new Comprehensive Development Agreements (CDAs). In 2009 session, Legislature did not reauthorize CDAs, so by September 2009 no current ability to do new CDAs. Legislature next convenes in 2011, so in the interim new toll projects in Texas must be launched by public-sector toll authorities.

2. What was the key mission for forming your P3 organization/department?

- Provide innovative transportation solutions – ahead of its time.
- Achieve complex projects that could not be implemented in other, more traditional ways.
- Take advantage of private sector cost and schedule innovations.

3. What would you say were the key ingredients/best practices to successfully getting your organization's program started and implementing a first P3 project?

- Known nationally as the best current U.S. example of achieving P3s through “best value” hard bid approach.
- Building stakeholder and legislative trust in your program. The DOT's credibility is important to getting buy-in for your program and what you are trying to accomplish.
- Try to be as transparent with procurement process as possible so stakeholders understand the decisions that are made.

4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?

- Not building the trust and credibility of your P3 and tolling program with legislators, stakeholders and the public. Texas is currently working to repair the trust of TxDOT/TTA since the moratorium.

5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?

- Make sure you craft and manage your program key messaging. Never assume your messages are clear.

- As stated in Q4 above, need to first build the trust and credibility of your P3 and tolling program with legislators, stakeholders and the public. Transparency is critical to build support and acceptance. Texas is currently working to repair the trust of TxDOT since the moratorium.
- Try to be as transparent with procurement process as possible – TxDOT had stakeholder issues with concession teams selected with foreign ties. Greater transparency and information sharing may have addressed some of these issues with why certain concession teams were selected.
- Make sure your program has strong controls, checks and balances in place for good decision-making.
- Need visionary leadership in the state that is above the sensitivities of politics. The Executive Director should be forward-thinking and embrace transparency.

6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?

- The TTA is a Division of TxDOT today. At its inception, was a separate organization.
- Key reasons it is now structured as a Division of TxDOT:
 - Now has the backing and strength of the DOT – provides bondholder and private industry level of confidence.
 - Financially advantageous for projects – projects that are not wholly self-sufficient can receive public assistance from the DOT. In addition, if financing on projects have issues, backing of DOT can support.

7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?

- The TTA is a Division of the TxDOT today. Share funding and resources. Have strong partnership.
- TTA also oversees other state public tolling authorities (NTTA, RMAs, etc.). Strong relationship with other public tolling authorities and they have first right to implement projects over private industry.

8. How is your P3 organization/department funded?

- No dedicated revenue streams. However, part of the TxDOT budget. Typically, discretionary funding from TxDOT.

9. Are there key elements within the organization's enabling legislation/operating policies/agreements that have been critical to the organization's success? Any elements that have hindered your success?

- TxDOT utilizes comprehensive development agreements (CDAs). The legislature has put a moratorium on new CDAs; therefore legislation may shift or be modified in 2011. CDAs have been the instrument in the past to implementing specific tolling projects and P3 projects.
- Public tolling authorities have first rights to develop a project over private industry.
- Legislation allows for system approach to tolling projects, but TTA has never used this authority due to political/public acceptability issues. Central Texas Regional Mobility Authority (CTRMA) did have a form of a system approach.
- Some potential changes in next legislative session could include an elimination of non-compete clauses related to toll facilities and development zones, changes to the buy-back provisions for toll facilities, and may see project-specific CDAs instead of more open-ended language.

10. Have you done any market sounding to gage private interest in developing potential P3 projects? If so, what types?

- No specific set market sounding process.

11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?

- No specific strategic/business plan for TTA, but TxDOT has agency strategic plan that includes an innovative financing section. The innovative financing section includes the plans/goals for the P3 program.
- TTA does have guidelines for CDA programmatic process, procurement process, project eligibility criteria (See Q12 and Q13).

12. What steps does your organization take to test a potential project's viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?

- Primacy is given to the public tolling authorities to implement a project first over private industry.
- TTA/TxDOT uses a market evaluation process to test potential P3 projects.
- Since moratorium on new CDAs, policies and procedures for projects will likely being redefined. However, as of 2007, had a project feasibility process in place. The process involved a quantitative preliminary toll financial feasibility analysis. TxDOT was starting to use a case-by-case approach to project review prior to the moratorium because the prior process was found to be too complex.
- 87 projects screened in 2007 prior to moratorium
- Some of the key project eligibility criteria included the following:
 - Risk assessment - system interface, design and construction, O&M requirements, public acceptability, approvals and scheduling, and demand;
 - Financial feasibility; and
 - Estimated time to procurement

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- TxDOT/TTA uses comprehensive development agreements (CDAs) as part of the procurement process. A CDA is the tool TxDOT uses to enable private development by sharing the risks and responsibilities of design and construction. In some cases, financing and private investment in the transportation system can be included in the process. It provides a competitive selection process for developing regional projects or much larger undertakings. In addition, this contracting tool can streamline the time needed to deliver the project because multiple tasks can be under way simultaneously.
- Allow for solicited and unsolicited proposals. Unsolicited proposals have been less successful – Trans-Texas Corridor was originally unsolicited, and at this time is not moving forward in its original form.
- Solicited procurement process used is best value, hard bid using CDAs – no low bid. Procurement documents are available on web site: <http://www.txdot.gov/business/partnerships/cda.htm>
- FHWA staff and local participation is involved in the procurement process.

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- Segments of SH 121 Corridor were developed as a form of P3 using a CDA.

- Nationally prominent P3 projects in process currently:
 - North Tarrant Express Managed Lanes Project (I-820 and SH 121/183 (Airport Freeway)) – 13-mile corridor in Dallas-Fort Worth area to improve access to DFW International Airport. Financial close in December 2009 with Comprehensive Development Agreement (CDA) (Texas’s version of P3); not yet constructed. Unique P3 project for U.S. pension fund (Dallas Police and Fire Pension System) as a direct equity shareholder in a toll road concession and use of long-term private activity bonds (PABs).
 - LBJ-635 Dallas County, Managed Lanes – TxDOT’s 2nd toll concession to reach commercial close in 2009 after North Tarrant Express. DBFOM. Construction anticipated for mid-2011 and open to traffic in late 2016.
 - DFW Connector – Design-build.
 - SH 130 - state-owned toll road in Austin being developed under public-private partnership for 50-year concession. The SH 130 extension, opening in 2012, is from SH 130/SH 45 Southeast near Creedmoor to I-10 east of Seguin.
 - Trans-Texas Corridor – now referred to as the I-35 Corridor Program. Was originally an unsolicited proposal that is not going forward. Currently completing Tier 1 of the EIS with a “no action” decision. This means that the current unsolicited proposal P3/CDA will no longer be valid. Moving forward with individual projects related to I-35 and I-69, which could still be implemented as P3s in the future. More information on projects: <http://www.txdot.gov/business/partnerships/cda.htm>

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- Tolling is heavily used throughout the state and there are a range of public tolling authorities established beyond TTA, include the North Texas Tollway Authority and multiple Regional Mobility Authorities (RMAs).
- Cities/counties can utilize tax reinvestment zones around a corridor. Establish a base year for taxing purposes and then any increases go to pay back debt.
- Metro mobility funding has been utilized on projects.
- North Tarrant Expressway project included a U.S. pension fund (Dallas Police and Fire Pension System) as a direct equity shareholder in a toll road concession
- The North Tarrant Expressway also used long-term private activity bonds (PABs).
- May consider availability payments and pass-through tolling payments in future.

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

Partnerships BC

**High Performance Transportation Enterprise
Public-Private Partnership Organization Interviews
Spring 2010**

*Written responses provided May 17, 2010 by Partnerships British Columbia (Partnerships BC) in lieu of a telephone interview. If these responses are used for anything beyond internal research, permission is required from Partnerships BC.

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1. How was your P3 organization/department formed initially?

- The Government of British Columbia established Partnerships BC in 2002 as an agency of the Province, and registered under the Company Act reporting to its sole Shareholder, the Ministry of Finance.

2. What was the key mission for forming your P3 organization/department?

- Partnerships BC was established to be the Province's centre of expertise in the structuring and implementing of partnership solutions which serve the public interest.

3. What would you say were the key ingredients/best practices to successfully getting your organization's program started and implementing a first P3 project?

- Political leadership
- Enabling policy framework (in B.C., this is called the Capital Asset Management Framework)
- A pipeline of large, complex capital projects with opportunity for risk transfer and innovation
- A mix of staff with public and private sector experience
- Commitment to a high standard of disclosure and transparency

4. What would you say are the most significant challenges that could interfere with HPTE achieving successful P3 project implementation?

- The absence of the items noted in response to question #3 above.

5. What are the key lessons your organization has learned that you wish you had known when getting your organization started?

- Recognizing that the B.C. market alone is not sufficient to attract all of the market participants required to ensure robust competition across a number of projects/sectors.
- With the efforts that have been made across Canada over the past few years, the Canadian market is now considered to be amongst the leading markets for partnership delivery in the world.

- 6. How is your organization structured and staffed within the state (e.g., Department within DOT, Other Separate State/Regional Transportation Agency, Public-Private Organization, Private Organization)? What are the key reasons it is structured that way?**
- Partnerships BC is an agency of the provincial government, and is registered under the Company Act reporting to its sole shareholder, the Ministry of Finance.
 - Partnerships BC has approximately 45 staff, including contractors.
 - Partnerships BC only works for clients in the public sector and works on a fee-for-service basis.
 - This structure enables Partnerships BC to be: a centre of expertise across the provincial government; flexible and nimble when addressing policy and legislative changes that can often be burdensome to a larger hierarchical or bureaucratic structure; an attractive place to work for people in both the public and private sector; and a recognizable and accessible window to government for the private sector.
- 7. What is the relationship/partnership between the organization and the DOT/Other Governmental Agency? What level of support/oversight does this governmental partner provide in procuring and implementing P3 projects?**
- The provincial Ministry of Transportation and Infrastructure (and other ministries and crown agencies) are clients of Partnerships BC.
 - The ministries, agencies and the Province (represented by Treasury Board and Cabinet) identify projects to be considered for partnership delivery and are responsible for all decision-making regarding which projects will move forward and how they will be procured.
 - Partnerships BC provides business planning support, and procurement options analysis and procurement management services to its clients as requested.
- 8. How is your P3 organization/department funded?**
- Partnerships BC is a fee-for-service agency that works solely for public sector clients.
- 9. Are there key elements within the organization's enabling legislation/operating policies/agreements that have been critical to the organization's success? Any elements that have hindered your success?**
- Partnerships BC has been successful due to the items mentioned in response to #3 above.
- 10. Have you done any market sounding to gage private interest in developing potential P3 projects? If so, what types?**
- Market sounding is conducted on all projects before they proceed into the market.
- 11. Does the organization have an adopted business plan, or other plan outlining the mission, goals, strategies and procedures of the organization? Could you share this document with us?**
- Partnerships BC's Service Plan and Annual Report, as well as other guidance materials, can be found on our website at www.partnershipsbc.ca
- 12. What steps does your organization take to test a potential project's viability as a P3 project? Does the organization have guidelines for selecting or prioritizing eligible P3 projects for the organization to develop?**
- On behalf of its clients, Partnerships BC undertakes rigorous analysis, both quantitative and qualitative, to determine the viability of the partnership model, and other models.

- Priorities are set, and decisions made, by the Province for which projects will proceed and under what model.

13. Does the organization have a procedure for the P3 project procurement process (both solicited and unsolicited)?

- As noted above, Partnerships BC does not work in an unsolicited capacity.
- Partnerships BC has specific procedures and documentation to manage the procurement process for projects.

14. What (if any) P3 projects have the organization successfully procured as a concession? Do you have any projects that have reached financial close or been constructed?

- Partnerships BC has delivered more than 30 projects on behalf of its clients since 2002.
- For a list of projects that are in procurement, have reached financial close, are under construction, or are operational, please go to our website at www.partnershipsbc.ca. You can also view the Projects Overview document at <http://www.partnershipsbc.ca/documents/Projectoverview14-may-2010.pdf>

15. What has been your experience with “innovative” financing options (e.g., TIFIA, Private Financing, Availability Payments, Tolling, etc.)?

- Partnerships BC has used different financing structures on projects including availability, tolling, and more recently, wide equity financing (which is structured like a typical design-build-finance-maintain project, but with more provincial contribution, without private debt and with a larger amount of private equity) that was used during the global financial crisis when private debt was scarce and unaffordable.
- Each option has shown its effectiveness for different projects. Availability has been used most frequently.

16. Are there other important considerations you believe HPTE should focus on during its strategic planning process?

- Responses to the above questions should cover off most of the key aspects to consider.

P3 Organization

Reference Materials

Georgia



**Georgia Department of Transportation
Public-Private Partnership Guidelines**

Dated: February 2, 2010

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1. PURPOSE OF GUIDELINES

1.1. Intent of Guidelines

These Guidelines are intended to facilitate the implementation of the Department's Public-Private Partnership ("P3") program consistent with Sections 32-2-78 through 32-2-80 of the Official Code of Georgia Annotated ("P3 Legislation"), and Chapter 672-17 of the Rules of State Department of Transportation ("P3 Rules"). Further, these Guidelines are intended to provide a general framework, process and structure for the Department's P3 program. While the Department endeavors to have its employees and consultants follow the process and procedures contained herein, these Guidelines are advisory and descriptive in nature, and do not impose any legal obligations or liability on the Board, the Department or any of their members, employees, representatives and consultants.

1.2. Revisions to Guidelines

These Guidelines, including any appendices, may be periodically revised or updated to meet the needs of the P3 program. Revisions to these Guidelines require the approval of the Board.

1.3. Contact Information

These Guidelines are made available on the Department's website. Any questions regarding these Guidelines are referred to the administrator of the Department's Office of Innovative Program Delivery.

2. OVERVIEW OF THE P3 PROGRAM

2.1. Purpose and Goals

The P3 program is intended to seek innovative project delivery and innovative financing solutions from the private sector to meet the State's transportation infrastructure needs. The P3 program is one of many programs available to the Department to fulfill its mission. The goal of the P3 program is to create a fair, transparent and reliable process to support a climate for private sector innovation and investment in a manner that provides value and benefit to the State's transportation system.

2.2. Program Policies

The policies of the P3 program are set forth in P3 Rule 672-17-.01.

2.3. Statutory Authority

The Department conducts all procurements under the P3 program pursuant to the authority set forth in the P3 Legislation and P3 Rules.

3. PROGRAM ADMINISTRATION

The Department develops, implements and administers the P3 program. To fulfill these obligations, the Department has identified the need for a strategic organizational structure and strategy to define the roles, responsibilities and levels of involvement of the various participants in the P3 program. These various roles, responsibilities and levels of involvement are set forth below.

3.1. Department Organizational Structure, Roles and Responsibilities

3.1.1. State Transportation Board and Committees

In addition to the duties and responsibilities identified in the P3 Legislation and P3 Rules, the Board is also responsible for developing general policies governing the P3 program. The Board's Alternative Finance Committee reports on the progress and activities of the P3 program to the Board, including any issues requiring action or decision from the Board.

3.1.2. Director of Planning

In addition to the duties and responsibilities identified in the P3 Legislation and P3 Rules, the Director of Planning assists in the process of identifying, screening and selecting Projects for the P3 program. Further, the Director of Planning is one of the members on the Steering Committee.

3.1.3. Commissioner

In addition to the duties and responsibilities identified in the P3 Legislation and P3 Rules, the Commissioner is one of the members on the Steering Committee.

3.1.4. Office of Innovative Finance

The Office of Innovative Finance provides support and assistance with respect to funding and financing issues related to the P3 program and a particular Project.

3.1.5. Office of Innovative Program Delivery

The Office of Innovative Program Delivery provides support and assistance with respect to project development and technical issues related to the P3 program and a particular Project.

3.1.6. Program Director

The Program Director oversees and supervises the development and implementation of the P3 program, and reports the P3 program activities to the Board's Alternative Finance Committee. The Program Director is one of the members of the Steering Committee.

3.1.7. Project Manager(s)

A Project Manager is designated by the Program Director for each Project selected for the P3 program. The Project Manager oversees the procurement, implementation and administration activities of a specific Project. Once a Project has been selected for the P3 program, the Project Manager schedules and supervises all procurement activities, including any additional technical, financial or legal issues that should be addressed, considered or resolved before initiating a procurement. Further, once the contract is executed, the Project Manager supervises all project implementation and administration activities for the Project. The Project Manager reports to the Program Director.

3.1.8. Steering Committee

The Steering Committee provides oversight, guidance and direction with respect to the activities of the P3 program so that the P3 program activities are consistent with Board policies and directives. The Steering Committee meets on a regular basis, and may be assisted by a working group to address specific issues and tasks. The Steering Committee is comprised of the chairperson of the Board's Alternative Finance Committee, the Director of Planning, the Commissioner, the Program Director, and other individuals designated by the Commissioner.

3.1.9. Project Screening Committee

The Project Screening Committee implements the activities associated with Project identification, screening and selection. The Project Screening Committee is comprised of the Director of Planning, the chairperson of the Board's Alternative Finance Committee, an individual designated by the chairperson of the Board's Alternative Finance Committee, and other individuals designated by the Steering Committee. The Project Screening Committee is chaired by the Director of Planning.

3.1.10. Selection Recommendation Committees and Subcommittees

The Selection Recommendation Committee performs the evaluation and scoring of Statements of Qualification and/or Proposals associated with a particular Project procurement. Members of the Selection Recommendation Committee are designated by the Steering Committee.

The Selection Recommendation Committee may be assisted by Selection Recommendation Subcommittees to provide advice with respect to technical, financial or legal aspects of a Statement of Qualifications and/or Proposal. These Selection Recommendation Subcommittees may review submittals and provide advice to the Selection Recommendation Committee, but are not responsible for scoring the submittals. Members of the Selection Recommendation Subcommittees are designated by the Steering Committee.

3.1.11. Procurement Team(s)

Once a Project has been selected for the P3 program, the Procurement Team is assembled and led by the Project Manager. The Procurement Team performs the procurement activities for a particular Project, including the preparation and assembly of the solicitation documents.

3.1.12. Project Implementation Team(s)

Once the contract is executed, a Project Implementation Team is assembled and led by the Project Manager. The Project Implementation Team oversees and administers the Department's responsibilities under the contract.

3.2. Use and Role of Consultants

The Department may retain individuals or firms to provide consulting services to assist and provide advice to the Department and its staff in implementing and administering the P3 program. All consultants retained by the Department for such purposes are required to execute a Procurement Confidentiality and Disclosure Agreement in the form set forth in Appendix 2. Notwithstanding the use of consultants, the Department makes all decisions with respect to the P3 program.

3.3. Interagency and Intergovernmental Involvement

3.3.1. Participating Local Governing Authorities and MPOs

The P3 Legislation and P3 Rules require the Department to seek the advice, input and participation of participating local governing authorities and metropolitan planning organizations. The Department takes into account such activities in developing the Project work plan, schedule and public information and stakeholder outreach plan. If participating local governing authorities and metropolitan planning organizations participate in the procurement process, the solicitation documents specify the role of any applicable participating local governing authority and metropolitan planning organization to allow the Proposers to understand the nature of the involvement and responsibilities of such participating local governing authority and metropolitan planning organization.

3.3.2. Interagency Coordination

The Department coordinates with applicable State agencies that may be affected by or have an interest in a Project, and the Department endeavors to enter into inter-agency agreements, memoranda of understanding or other arrangements with any applicable State agencies that are necessary to facilitate the procurement of the Project. The Department takes into account such activities in developing the Project work plan, schedule and public information and stakeholder outreach plan. Further, the solicitation documents specify the role of any applicable State agency in the procurement process to allow the Proposers to understand the nature of the involvement and responsibilities of such State agency.

3.3.3. United States Department of Transportation

For Projects that may receive federal-aid, the Department complies with all applicable federal requirements, including allowing oversight and obtaining any required reviews or approvals from the United States Department of Transportation and its modal administrations, including the Federal Highway Administration (“FHWA”), Federal Transit Administration (“FTA”) and the Federal Railroad Administration (“FRA”). Further, the solicitation documents specify the role of any applicable federal agency in the procurement process to allow the Proposers to understand the nature of the involvement and responsibilities of such federal agency.

3.4. Programmatic Public Information and Stakeholder Outreach

The Department develops and implements a programmatic public information and stakeholder outreach plan to educate and engage the general public, media, elected officials and other interested parties concerning the P3 program. The Program Director designates a public information officer who manages and implements the plan. The public information officer works closely with the Program Director to develop and coordinate communication and outreach efforts to accurately and effectively portray the P3 program.

3.5. Reporting of P3 Activities

Section 32-2-80(a)(6) of the P3 Legislation requires the Department to make periodic legislative reports. Such reports include, at a minimum, a summary of the following: (a) P3 programmatic activities performed during the reporting period; (b) a description and status of the Projects under procurement; and (c) a description and status of the Projects awarded. The Program Director drafts the legislative reports, with the assistance and input of Department staff as needed.

4. P3 PROJECT IDENTIFICATION, SCREENING AND SELECTION

4.1. Goals and Objectives

The P3 program’s project identification, screening and selection process is intended to provide a disciplined framework to assist the Department in identifying and reporting to the Board those potential Projects that may be procured under the P3 Legislation. The goal is to identify those Projects that promote the Department’s policies and have the potential to be a successful P3.

4.2. Identifying Potential P3 Projects for Screening

Through the course of the Department’s planning process, the Program Director compiles an initial list of Projects to be considered for screening under the P3 program (“Initial Project Screening List”). Projects may be proposed by the Department, other State agencies, participating local governing authorities or metropolitan planning organizations.

4.3. Screening and Evaluation Process

At least six months prior to the reporting time identified in Section 32-2-79(a) of the P3 Legislation, the Program Director submits the Initial Project Screening List to the Project Screening Committee. The Project Screening Committee then develops a list of Projects to undergo the detailed screening process set forth in these Guidelines (“Final Project Screening List”). In developing the Final Project Screening List, the Project Screening Committee considers whether a Project advances the objectives of the P3 program as set forth in P3 Rule 672-17-.01 and whether the Projects meet the requirements of Section 32-2-79 of the P3 Legislation.

4.3.1. Project Data Gathering

Data relevant to the screening and evaluation process are gathered for all Projects on the Final Project Screening List and submitted to the Project Screening Committee. A sample Project Data Request Form is set forth in [Appendix 3](#).

4.3.2. Screening and Evaluation Workshop

At least three months prior to the reporting time identified in Section 32-2-79(a) of the P3 Legislation, the Project Screening Committee conducts a workshop to screen and evaluate the Projects identified in the Final Project Screening List. Prior to the screening and evaluation workshop, each member of the Project Screening Committee reviews the data gathered on the Project Data Request Forms.

4.3.3. Screening Criteria and Evaluation

Projects are screened and evaluated based on the criteria and methodology developed by the Project Screening Committee. Prior to the workshop, the Project Screening Committee develops and recommends for the Steering Committee’s approval a methodology to screen Projects. A sample Project Screening and Evaluation Form is set forth in [Appendix 4](#).

4.3.4. Potential P3 Delivery Methods

In addition to scoring each Project, the Project Screening Committee provides recommendations for the project delivery method(s) to be utilized. The potential project delivery methods include, but are not limited to, design-build, design-build-finance, design-build-operate-maintain, toll concession, availability payment concession and pre-development agreement. In recommending a project delivery method, the Project Selection Committee considers, among other things, the nature and status of the Project, risk factors, schedule, available public funding and the value added by the private sector.

4.4. Screening Results Report and Priority of P3 Eligible Projects

The Project Screening Committee prepares a report based on the results of the screening and evaluation workshop. The report contains recommendations on whether the Project should be considered for procurement under the P3 Legislation, the relative priority and general timing

of the procurement and any other issues that should be addressed or considered by the Department. The report is submitted to the Steering Committee for its review and approval.

4.5. Biennial Reporting of P3 Candidate Projects

Based on the recommendations contained in the screening results report, the Program Director prepares a list of Projects that the Department considers candidates to be procured under the P3 Legislation. The Commissioner submits and reports the list to the Board by the date specified in Section 32-2-79(a) of the P3 Legislation. The Department in its discretion may supplement this list to take into account, among other things, changes in the status of Projects and the transportation needs of the State.

4.6. Work Plans

4.6.1. Purpose

Once a Project has been identified as a P3 candidate project, the Procurement Team develops a comprehensive work plan for that Project. The purpose of the work plan is to identify those activities that are to be completed or addressed to facilitate a timely, reliable and successful P3 procurement.

4.6.2. Studies and Tasks

The work plan identifies those technical, financial, legal and public outreach studies and tasks that are to be performed prior to and during the solicitation process.

Technical studies and tasks may include, but are not limited to, the following:

- Environmental studies and reports
- Preliminary engineering
- Cost estimates
- Traffic and revenue studies
- Value engineering studies and reports
- Operations and maintenance evaluations and reports
- Identification, evaluation and pricing of project risks
- Technical feasibility studies and reports
- Right of way acquisition
- Permit preparation and acquisition
- Subsurface conditions studies and reports
- Utility coordination
- Hazardous substances studies and reports

Financial studies and tasks may include, but are not limited to, the following:

- Funding and grant applications
- Plans of finance
- Value for money analysis, business case studies or public sector comparator

- Cost, funding and financing studies

Legal studies and tasks may include, but are not limited to, the following:

- SEP applications
- Inter-agency agreements or memoranda of understanding
- Term sheets
- Concession agreements
- Tolling agreements
- Legislation

Public outreach studies and tasks may include, but are not limited to, the following:

- Stakeholder workshops
- Industry and community forums
- Public comment process
- Public opinion surveys

4.6.3. Master Project Schedule and Milestones

For management purposes, the Procurement Team develops a master project schedule, establishing detailed work schedules as well as major milestones, for all activities identified in the work plan. The schedule identifies the activities to be performed, the date scheduled to be started and completed, and the individuals or entities responsible for performing the activities.

5. PROCUREMENT PLANNING

5.1. Risk Workshops

Prior to preparing the solicitation documents, the Procurement Team conducts a risk workshop for the Project. The risk workshop is intended to assist the Department in, among other things, developing the solicitation documents and determining the risks to be allocated or shared.

5.1.1. Risk Identification

The Procurement Team identifies each Project risk that can be anticipated and assesses whether the risk entails a time impact and/or cost impact. Each risk is assigned a numerical factor quantifying: (1) the probability that the risk will occur, and (2) the impact that occurrence of the risk will have on the Project. A sample Project Risk Assessment Chart is set forth in Appendix 5.

5.1.2. Risk Allocation

After identifying and assessing the Project risks, the Procurement Team recommends how each identified Project risk should be allocated. The recommendations are used as a guide to assist the Department to, among other things, determine requirements with respect to

insurance, bonds, retention, parent guarantees, letters of credit and other forms of performance security. A sample Project Risk Allocation Chart is set forth in [Appendix 6](#).

5.2. SEP Applications

For a Project using federal-aid funds, the Procurement Team assesses whether deviations from applicable federal requirements may benefit the Project or the procurement process and recommends to the Steering Committee if waivers from such federal requirements should be sought from FHWA. Such deviations may relate to contracting techniques, environmental requirements, right-of-way acquisition and financing. If the Steering Committee determines that such waivers should and can be sought through FHWA's Special Experimental Project ("SEP") program, the Department commences the process as early as practicable in the procurement process.

5.3. Federal Tolling Applications

If the Project uses federal-aid funds and involves tolling, the Procurement Team assesses whether federal laws and regulations require a toll agreement or other approval for tolling the Project. If a toll agreement or other approval is required, the Department commences the process as early as practicable in the procurement process.

5.4. Pre-Solicitation Industry Outreach

5.4.1. Pre-Solicitation Industry Forum

The Procurement Team assesses and recommends to the Steering Committee, for approval, whether a pre-solicitation industry forum should be conducted for the Project. In making this assessment, the Procurement Team considers, among other things, the degree of market interest, the scope, nature and complexity of the Project, and the degree of public and political support.

5.4.2. One-On-One Industry Meetings

In addition to or in lieu of a pre-solicitation industry forum, the Department may meet with interested parties to gauge market interest for a Project. The Procurement Team develops protocols and procedures to promote the impartiality and fairness of these meetings.

5.5. Project Public Information and Stakeholder Outreach

Each Project has a public information and stakeholder outreach plan. The Procurement Team assists the Department's public information officer in identifying activities for the plan, including outreach to the relevant stakeholders and the public comment process required under the P3 Legislation and P3 Rules.

5.6. Procurement Method and Other Decisions

5.6.1. Two-Step versus One-Step Procurement

The Procurement Team assesses and recommends to the Steering Committee, for approval, whether the Project should be procured utilizing a two-step process (i.e. Request for Qualifications followed by a Request for Proposals) or one-step process (i.e Request for Proposals with no Request for Qualifications).

5.6.2. Confirmation of Selected Project Delivery Method

Based on the results of the risk allocation workshop and any other relevant information, the Procurement Team assesses and recommends to the Steering Committee, for approval, whether the project delivery method initially selected by the Project Screening Committee should be changed. Factors to consider include, but are not limited to, changes to the status of the environmental process and funding requirements.

5.6.3. Payment for Work Product

The Procurement Team assesses and recommends to the Steering Committee, for approval, whether the solicitation documents should include: (1) a payment to unsuccessful Proposers who submit responsive Proposals in exchange for the Proposer's work product; (2) a payment in the event that the Department cancels the solicitation before receipt of Proposals; and (3) a payment under any other circumstances. In determining the amount of such payment, if any, P3 Rule 672-17-.04(c)(4) sets forth the factors that the Department must consider.

5.6.4. Proposal, Performance and Payment Security

The Procurement Team assesses and recommends to the Steering Committee, for approval, the appropriate form and amount of the proposal, performance and payment security for the Project. Such security may be in the form of a bond, letter of credit, parent guarantee or other form. In determining the appropriate amount of the performance and payment security, Section 32-2-80(e) of the P3 Legislation requires the Department to consider what sum may be required to adequately protect the Department, the State and the contracting and subcontracting parties.

6. GENERAL REQUIREMENTS APPLICABLE TO PROCUREMENTS

6.1. Compliance with Conflict of Interest and Ethics Policies

6.1.1. State Employees

Throughout the procurement process, all State employees are subject to any applicable federal and State conflict of interest and ethics laws, rules and policies, including 23 C.F.R. § 636.116, Title 45, Chapter 10 of the Official Code of Georgia Annotated, and Transportation Online Policy and Procedure System 2255-1 *et seq.*

In addition, throughout the procurement process, State employees participating in a procurement are not allowed to accept any gifts, loans, gratuities, favors or hospitality for himself/herself or his/her family, from any Proposer who submits, or intends to submit, a Statement of Qualifications or Proposal, for that procurement. A State employee has an ongoing obligation to disclose to the Department any financial, business or employment interest that he/she or any member of his/her family has with respect to a Proposer. Any such disclosure is submitted to and reviewed by the Department's Division of Legal Services to determine, in the Department's sole discretion, whether the State employee's participation in the procurement will be limited or otherwise prohibited. Any State employee participating in a procurement executes a Procurement Confidentiality and Disclosure Agreement in the form set forth in Appendix 2.

6.1.2. Private Entities

The Department has established a Conflict of Interest and Ethics Policy with respect to participating in a P3 procurement, which is set forth in Appendix 7. This policy has been developed to inform the Department's employees, consultants and potential Proposers of the Department's intent to: (1) protect the integrity, fairness and competitive nature of the procurement process; (2) avoid circumstances that result in an actual or perceived unfair competitive advantage for a potential Proposer(s); and (3) protect the interest of the public and the Department.

6.2. Communications with the Board, Department and Consultants

In order to provide a fair and unbiased procurement process, the solicitation documents for each Project contain rules of contact regulating communications between a Proposer or any of its team members with any member of the Board, Department employee or Department consultant involved in the preparation of the solicitation documents or evaluation of proposals for such Project. The solicitation documents provide a list of Department consultants with whom such person or entity is limited, restricted or prohibited from communicating with as set forth in the solicitation documents.

6.3. Proposer Eligibility and Certification Requirements

6.3.1. Proposer Eligibility

The Department has established a policy and procedure for pre-qualifying professional consultants (Transportation Online Policy and Procedure System 4020) and contractors (Standard Specifications Construction of Transportation Systems Section 104) who perform work for the Department. The solicitation documents specify the pre-qualification requirements for performing any applicable portion of the work, and whether pre-qualification is a condition to being on a Proposer team (either as the lead or a lower-tiered consultant or contractor) or contract award.

6.3.2. Certification Requirements

The solicitation documents specify the certifications required to be provided by a Proposer. Certifications may address, but are not limited to, the following topics:

- Suspension and debarment
- Non-collusion
- Compliance with Buy America requirements
- Use of Disadvantaged Business Enterprises
- Use of contract funds for lobbying
- Compliance with Equal Employment Opportunity requirements

6.4. Public Records and Confidentiality of Information

The Georgia Open Records Act, Section 32-2-80(a)(4) of the P3 Legislation and P3 Rule 672-17-.06(b) protects trade secrets or proprietary information submitted by the Proposer from public disclosure. The solicitation documents contain requirements for the Proposer to conspicuously identify those portions of its submissions which it deems to be trade secrets or proprietary information. The Department may require a Proposer to provide justification as to why such materials should not be disclosed to the public.

The Department makes the final determination of whether the information is to be disclosed or withheld. The Department shall endeavor to provide advance notice to the Proposer if the Department receives a request for public disclosure under the Georgia Open Records Act and intends to disclose the Proposer's information.

6.5. Payment for Work Product

If payment will be made for work product pursuant to P3 Rule 672-17-.04(c)(4), the solicitation documents specify the amount, timing, manner and conditions of payment, as well as any rights and liabilities that the parties may have to such work product.

6.6. Issuance of Addenda to RFQ and RFP

During the solicitation period, the Department may issue addenda to the solicitation documents. Addenda are typically issued after reviewing the clarification requests from the Proposers or when additional information becomes available during the course of the procurement process. When issuing addenda, the Department considers whether the date for submitting a Statement of Qualifications or Proposal, as applicable, should be changed. Factors to consider in determining whether to change the response date may include, but are not limited to, the extent and nature of the revisions to the solicitation documents, the timing of issuing the addenda, the effect on the procurement schedule, and the impact on competition.

6.7. Compliance with Federal Requirements

For Projects receiving federal-aid, the solicitation documents include provisions requiring the Proposers to comply with any applicable federal requirements and execute all required certifications, affidavits and forms required by such federal requirements.

6.8. Performance and Payment Security Requirements

Section 32-2-80(e) of the P3 Legislation requires that all contracts require the private partner or its prime contractors to provide performance and payment security. The solicitation documents specify the amount, form and terms of such performance and payment security.

6.9. Protest Rights and Procedures

P3 Rule 672-17-.07 prescribes the exclusive protest rights and procedures with respect to the P3 procurement process. Any additional information and requirements with respect to submitting a protest are set forth in the solicitation documents.

7. REQUEST FOR QUALIFICATIONS

7.1. General Content and Organization of RFQ

Pursuant to P3 Rule 672-17-.04(b), the Department may issue a Request for Qualifications (“RFQ”) for a Project for the purpose of qualifying Proposers who are determined to have the required qualifications, experience and approach to development of the Project. In response to an RFQ, the Department requires the Proposers to submit a Statement of Qualifications (“SOQ”). While an RFQ must be adapted to the specific requirements of a Project, these Guidelines are intended to provide the general content and organization for RFQs issued by the Department under the P3 program.

7.1.1. Background and Overview

The RFQ provides information regarding the project and the solicitation process for the Project. Information provided may include, but is not limited to, the following:

- A description of the Project and the services sought from the private sector
- A description of the procurement process, including the contemplated procurement schedule
- Rules and procedures with respect to communications related to the RFQ
- The environmental status of the Project
- Anticipated funding and financing of the Project
- A description and status of any work and studies performed by the Department for the Project
- Whether it is anticipated that payment will be made for work product
- Pre-qualification requirements

7.1.2. Statement of Qualifications Requirements

The RFQ describes the information that must be provided in the SOQ. Information requested may include, but is not limited to, the following:

- Formatting requirements, page limitations, font size, etc.
- Information regarding the Proposer and the Proposer' team, which may include:
 - identity;
 - identity of its equity members and its known major non-equity members;
 - management structure;
 - relevant experience in each of the key areas of the anticipated scope of work ;
 - project references; and
 - legal qualifications, issues, liabilities, and claims and legal proceedings in which the Proposer or its equity members has been involved
- A conceptual development plan for the Project, which may include:
 - general approach to the work;
 - anticipated roles and responsibilities of the Department, the Proposer, the Proposer's team members, and any third parties; and
 - approach to securing the necessary resources, approvals, materials, equipment and personnel
- Financial statements and credit ratings for the Proposer and its equity members, as well as the identity of proposed guarantors for each
- A conceptual financial plan for the Project
- Recommendations for the RFP documents

7.1.3. Evaluation Criteria and Process

The RFQ identifies the evaluation criteria, relative weight given to such criteria and the process for qualifying Proposers. Information provided may include, but is not limited to, the following:

- The pass/fail and responsiveness review process

- The process for requesting clarifications and responding thereto with respect to an SOQ

7.1.4. Exhibits and Forms

The RFQ may provide any additional information or requirements relevant to the RFQ through exhibits and forms. Such exhibits and forms may include, but are not limited to, the following:

- A list of Project documents available for the Proposer's review
- A form for the transmittal letter
- A form for any proposal security that may be required
- Forms for any certifications that may be required

7.2. RFQ Notices

7.2.1. Notice of Intent to Issue RFQ

At least 15 days prior to the issuance of an RFQ, the Department issues a Notice of Intent to Issue RFQ. The Notice of Intent to Issue RFQ includes, at a minimum, the following information: (1) a general description of the Project, including location and estimated construction cost; (2) a general description of the scope of work; and (3) the anticipated date for issuing the RFQ. The Notice of Intent to Issue RFQ is posted in the same manner prescribed for Requests for Qualifications under P3 Rule 672-17.-04(b)(2).

7.2.2. Issuance of RFQ

Issuance of the RFQ, and notice thereof, is posted in accordance with the time and manner prescribed in P3 Rule 672-17.-04(b)(2).

7.3. RFQ Meeting, Questions and Responses

After issuance of the RFQ and prior to receiving SOQs, the Department may schedule a group meeting or one-on-one meetings with potential Proposers to review the Project, the contents of the RFQ and the RFQ schedule. The RFQ sets forth the date and location of the meetings, if any. Further, the Procurement Team develops protocols and procedures to promote the impartiality and fairness of such meetings.

In addition, the RFQ may allow potential Proposers to submit written questions to the Department regarding the RFQ requirements, and the Department to provide written responses. The Procurement Team compiles the questions and develops responses which are transmitted to all potential Proposers. The Department may elect to issue addenda to the RFQ based on the written questions received.

7.4. Receipt and Storage of Statement of Qualifications

The RFQ specifies the time, location and manner for submitting SOQs to the Department. The Procurement Team develops instructions and implements procedures for receiving, logging, distributing, transferring, accessing and storing SOQs so that the SOQs are secure and protected from unauthorized access. All persons having access to SOQs execute a Procurement Confidentiality and Disclosure Agreement in the form set forth in Appendix 2.

7.5. Evaluation of Statement of Qualifications

7.5.1. Evaluation Criteria and Methodology

Prior to the receipt of the SOQs, the Procurement Team develops and recommends to the Selection Recommendation Committee, for approval, the evaluation methodology for ranking and qualifying Proposers consistent with the evaluation criteria identified in the RFQ. Generally, the evaluation process for SOQs involves the following steps:

- Submissions are first evaluated against pass-fail criteria and reviewed for responsiveness
- Responsive submissions are then evaluated by applicable Selection Recommendation Subcommittees using specified evaluation criteria and given recommended ratings
- Each Selection Recommendation Subcommittee chair presents its recommended ratings and answers questions raised by the Selection Recommendation Committee
- The Selection Recommendation Committee conducts final scoring based on the ratings and evaluation methodology approved in advance by the Selection Recommendation Committee
- The Selection Recommendation Committee recommends a list of most qualified Proposers to the Steering Committee for approval

7.5.2. Evaluation Manual

The Procurement Team develops a focused evaluation manual for each RFQ. The purpose of the evaluation manual is to provide a clear and uniform process for evaluating SOQs. Topics to address may include, but are not limited to, the following:

- Confidentiality and nondisclosure requirements
- The schedule for evaluation activities
- The process for and provisions ensuring document security during the evaluation
- Provisions setting forth the evaluation process to be used by the Selection Recommendation Committee and Selection Recommendation Subcommittees

- Details with respect to the rating and scoring system to be followed

7.5.3. Selection Recommendation Committee and Selection Recommendation Subcommittee Duties

Prior to the receipt of the SOQs, members of the Selection Recommendation Committee and any Selection Recommendation Subcommittees are designated in accordance with Section 3.1.10 of these Guidelines. The Selection Recommendation Committee performs the final scoring, ranking and qualifying recommendation and comprises solely of Department, other State agency, participating local governing authority, or metropolitan planning organization personnel. The purpose of the Selection Recommendation Subcommittees is to provide additional resources and special subject matter expertise to assist and advise the Selection Recommendation Committee. The Selection Recommendation Subcommittees may include consultants, participating local governing authority personnel, metropolitan planning organization personnel or other persons not employed by the Department.

7.5.4. Evaluator Training

Prior to the receipt of the SOQs, the Department conducts an evaluation training session with individuals serving on the Selection Recommendation Committee and Selection Recommendation Subcommittees, and with any individuals authorized to observe the evaluation process (e.g. FHWA, participating local governing authority, metropolitan planning organization representatives). The purpose of the training session is to inform all participants regarding the general evaluation process and the requirements for accessing, handling and preventing the unauthorized disclosure of the SOQs.

7.6. Recommendation, Approval and Notification

Each member of the Selection Recommendation Committee evaluates the SOQs in accordance with the evaluation methodology. The Selection Recommendation Committee meets, ranks the Proposers submitting responsive SOQs and prepares a recommended list of most qualified Proposers by consensus. The recommended list is submitted to the Steering Committee for approval. P3 Rule 672-17-.04(b)(3) requires the list to comprise of at least two qualified Proposers, but no more than five qualified Proposers.

No later than 10 days after approval of the list by the Steering Committee, the Department issues a letter notifying a Proposer whether or not the Proposer has been listed. The list of most qualified Proposers is posted in the same manner prescribed for Requests for Qualifications under P3 Rule 672-17-.04(b)(2).

8. REVIEW AND COMMENT PROCESS FOR DRAFT REQUEST FOR PROPOSALS

8.1. Issuance to Most Qualified Proposers

Pursuant to P3 Rule 672-17.04(c)(3), the Department may issue a draft RFP to the most qualified Proposers prior to issuing the final RFP. Factors to consider in determining whether to issue a draft RFP may include, but are not limited to, the following:

- The benefit of identifying commercially unacceptable terms, as well as terms that may have an unanticipated effect of driving up costs, delaying the project schedule, or otherwise adversely affecting the project
- The value of identifying any ambiguities or inconsistencies that may exist in the RFP documents
- The degree to which advance dialogue with the Proposers would assist in addressing concerns with respect to or expediting the procurement process

8.2. One-on-One Meetings; Written Questions and Responses

As part of the draft RFP review and comment process, the Department may schedule one-on-one meetings with the most qualified Proposers. The purpose of the meetings is for the Department to gather information, comments and concerns from the Proposers in a conversational setting. The Procurement Team develops protocols and procedures to promote the impartiality and fairness of the meetings.

In addition or as an alternative to one-on-one meetings, the Department may provide Proposers the opportunity to submit written questions regarding the draft RFP. The Procurement Team compiles the questions and develops responses which are transmitted to all Proposers. The Department may elect to take these questions into account when issuing subsequent draft RFPs or the final RFP.

9. REQUEST FOR PROPOSALS

9.1. General Content and Organization of RFP

Pursuant to P3 Rule 672-17-.04(c), the Department may issue an RFP: (1) after listing at least two most qualified Proposers or (2) if an RFQ was not previously issued, to initiate a solicitation. In response to an RFP, the Department requires the Proposers to submit a Proposal. While an RFP must be adapted to the specific requirements of a Project, these Guidelines are intended to provide the general content and organization for RFPs issued by the Department under the P3 program.

9.1.1. Instructions to Proposers

The RFP contain instructions to proposers (“ITP”) to provide information about the Project and procurement process and requirements for submitting Proposals. The ITP does not become part of the contract, but may contain forms which the Proposer completes for incorporation into the contract documents. The ITP provides, at a minimum, information regarding the following topics:

- Scope and nature of the Project and the services sought from the Proposer
- Legal requirements applicable to the Project
- Proposed financial participation of the Department and the Proposer in the Project
- Procurement process and schedule
- Process for submitting any alternative technical concepts, alternative financial concepts and other pre-Proposal submissions
- Requirements for submitting a Proposal
- Amount and conditions for payment of work product, if any
- Evaluation criteria and process
- Process for discussions, negotiations, selection, award and contract execution
- Protest procedures

9.1.2. Contract and Technical Provisions

The RFP contains the contract that the Department and the successful Proposer will be expected to sign. The contract may include, but is not limited to, the provisions identified in P3 Rule 672-17-.04(d). The RFP also contains or identifies the technical provisions that the Proposer must comply with in performing the services required under the contract.

9.1.3. Reference Documents

The RFP may contain reference documents related to the Project. Unless specified otherwise in the ITP or the contract, these documents are provided solely for reference and information purposes.

9.2. Additional RFP Requirements for One-Step Procurement

If the Department initiates a solicitation by issuing an RFP without the use of an RFQ, the RFP requires the Proposer to furnish additional information and evidence to enable the

Department to determine the qualifications and experience of the Proposers to perform the services required for the Project.

9.3. RFP Notices

9.3.1. Notice of RFP Following RFQ

If the Department has qualified at least two Proposers, issuance of the RFP, and notice thereof, is in accordance with the manner prescribed in P3 Rule 672-17.-04(c)(3).

9.3.2. Notice of RFP Without RFQ

If the Department intends to initiate a solicitation by issuing an RFP without establishing a list of qualified Proposers, the Department issues a Notice of Intent to Issue RFP at least 15 days prior to issuance of the RFP. The Notice of Intent to Issue RFQ includes, at a minimum, the following information: (1) a general description of the Project, including location and estimated construction cost; (2) a general description of the scope of work; and (3) the anticipated date for issuing the RFP. The Notice of Intent to Issue RFQ is posted in the same manner prescribed for Requests for Qualifications under P3 Rule 672-17.-04(c)(2). Issuance of the RFP, and notice thereof, is in accordance with the time and manner prescribed in P3 Rule 672-17.-04(c)(2).

9.4. Communications with Proposers Before Receipt of Proposals

9.4.1. One-on-One Meetings; Written Questions and Responses

After issuance of the RFP and before the receipt of Proposals, the Department may schedule one-on-one meetings with the Proposers. Further one-on-one meetings may be scheduled, even if meetings were conducted as part of the draft RFP review and comment process. The purpose of the meetings is for the Department to gather information, comments and concerns from the Proposers in a conversational setting. The Procurement Team develops protocols and procedures to promote the impartiality and fairness of the meetings.

In addition or as an alternative to one-on-one meetings, the Department may provide Proposers the opportunity to submit written questions regarding the RFP. The Procurement Team compiles the questions and develops responses which are transmitted to all Proposers. The Department may elect to take these questions into account when issuing addenda to the RFP.

9.4.2. ATCs, AFCs and Other Pre-Proposal Submissions

The RFP may allow the Proposers to request deviations from the Project's technical requirements or financial requirements, known as alternative technical concepts ("ATCs") and alternative financial concepts ("AFCs") respectively. The requirements and procedures for submitting ATCs and AFCs, if allowed, are specified in the RFP. The Department may reject ATCs and AFCs at its sole discretion.

If the RFP provides the Proposers with the option of submitting ATCs or AFCs, or if other pre-Proposal submissions are required or allowed, the Department requires such concepts and information to be presented sufficiently in advance of the Proposal submission to allow the Department adequate time to review and analyze such concepts and information.

9.5. Receipt and Storage of Proposals

The RFP specifies the time, location and manner for submitting Proposals to the Department. The Procurement Team develops instructions and implementing procedures for receiving, logging, distributing, transferring, accessing and storing Proposals so that the Proposals are secure and protected from unauthorized access. All persons having access to the Proposals execute a Procurement Confidentiality and Disclosure Agreement in the form set forth in Appendix 2.

9.6. Evaluation of Proposals

9.6.1. Evaluation Criteria and Methodology

Prior to the receipt of the Proposals, the Procurement Team develops and recommends to the Selection Recommendation Committee, for approval, the evaluation methodology for: (1) determining responsive Proposals, (2) selecting Proposers for discussions, (3) ranking and selecting Proposers for negotiations, and (4) selecting the Proposer(s) for contract award, all consistent with the evaluation criteria identified in the RFP. Generally, the evaluation process for RFPs involves the following steps:

- Submissions are reviewed for responsiveness and evaluated against pass-fail criteria.
- Responsive submissions are then evaluated by applicable Selection Recommendation Subcommittees using specified evaluation criteria and given recommended ratings.
- Each Selection Recommendation Subcommittee chair presents its recommended ratings to and answers questions raised by the Selection Recommendation Committee.
- Each Selection Recommendation Subcommittee chair presents its recommended ratings to and answers questions raised by the Selection Recommendation Committee.
- The Selection Recommendation Committee recommends to the Board for approval the Proposal determined to provide the apparent best value.

9.6.2. Evaluation Manual

The Procurement Team develops a focused evaluation manual for each RFP. Refer to Section 7.5.2 of these Guidelines for additional information.

9.6.3. Selection Recommendation Committee and Selection Recommendation Subcommittee Duties

Prior to the receipt of the Proposals, members of the Selection Recommendation Committee and any Selection Recommendation Subcommittees are designated in accordance with Section 3.1.10 of these Guidelines. The Selection Recommendation Committee selects Proposers for discussions and negotiations, and recommends the apparent best value Proposal to the Steering Committee. The Selection Recommendation Committee comprises solely of Department, other State agency, participating local governing authority, or metropolitan planning organization personnel. The purpose of the Selection Recommendation Subcommittees is to provide additional resources and special subject matter expertise to assist and advise the Selection Recommendation Committee. The Selection Recommendation Subcommittees may include consultants, participating local governing authority personnel, metropolitan planning organization personnel, or other persons not employed by the Department.

9.6.4. Evaluator Training

Prior to the receipt of the Proposals, the Department conducts an evaluation training session with all individuals serving on the Selection Recommendation Committee and Selection Recommendation Subcommittees, and with any individuals authorized to observe the evaluation process (e.g. FHWA, participating local governing authority, metropolitan planning organization representatives). The purpose of the training session is to inform participants regarding the general evaluation process and the requirements for accessing, handling and preventing the unauthorized disclosure of the Proposals.

9.7. Public Comment Process

Section 32-2-80(a)(3) of the P3 Legislation and P3 Rule 672-17-.04(c)(7) provides the public with the opportunity to submit written comments and a public hearing. The Program Director assists and coordinates with the Department's public information officer with respect to the activities required and scheduling for the public comment process. Generally, the public comment process is as follows:

- The Selection Recommendation Committee notifies the Program Director and the Procurement Team of the Proposals deemed responsive to the RFP.
- The Procurement Team provides a copy of the executive summary from each responsive Proposal to the Program Director. The RFP requires a Proposer to furnish an executive summary in its Proposal, notifying the Proposer that the executive summary is subject to public disclosure.
- At least ten days after the receipt of Proposals, the Program Director provides the executive summaries for posting for public comment in accordance with manner and time prescribed in P3 Rule 672-17-.04(c)(7). The posting provides instructions to the public regarding: (1) the method and deadline for providing written comments to the Department, and (2) the time and location for the public hearing.

- The Department holds a public hearing before the expiration of the public comment period. The hearing is in each county where the Project, or portion thereof, is located.

9.8. Discussions and Negotiations After Proposal Submission

9.8.1. Selection of Proposers for Discussions and Interviews

Based on the evaluation methodology approved by the Selection Recommendation Committee, the Selection Recommendation Committee identifies two or more Proposers for individual discussions and interviews. To the extent a local governing authority has agreed to consider financial participation in the Project, a representative of such local governing authority participates in such discussions and interviews. All persons representing the Department or local governing authorities that participate in such discussions and interviews executes a Procurement Confidentiality and Disclosure Agreement in the form set forth in Appendix 2.

The purpose of the discussions and interviews is for the Department to ask questions regarding the Proposals and to determine whether to seek written clarifications from such Proposers. The Procurement Team develops protocols and procedures to promote the impartiality and fairness of the discussions and interviews.

9.8.2. Selection of Proposers for Negotiations

The Department may seek best and final offers in accordance with the requirements and procedures set forth in the Request for Proposals. If the Department elects to seek best and final offers, the Selection Recommendation Committee selects, in order of preference, two or more Proposers to submit best and final offers. The process of seeking best and final offers qualifies as negotiations pursuant to Section 32-3-80(a)(4) of the P3 Legislation and P3 Rule 672-17-.04(c)(5).

9.8.3. Right to Enter Discussions and Negotiations with One Proposer

Notwithstanding the provisions in Sections 9.8.1 and 9.8.2 of these Guidelines, the Department may enter into discussions and/or negotiate with only one Proposer pursuant to Section 32-2-80(a)(4) of the P3 Legislation and P3 Rule 672-17-.04(c)(5). Further, pursuant to Section 32-2-80(a)(5) of the P3 Legislation, the Department is not obligated to continue discussions and/or negotiations, and may cease such discussions and/or negotiations at any time.

9.9. Approval of Apparent Best Value Proposal and Award

After the conclusion of the evaluation process, the Selection Recommendation Committee presents its recommendations to the Steering Committee who will determine whether to recommend to the Board, for approval, award to the Proposer whose Proposal has been determined to provide the apparent best value to the State. The Board evaluates the recommendations and determines whether to proceed with award, subject to satisfying the conditions set forth in the RFP, or cancel the procurement and elect not to proceed with conditional award.

The Board's decision of conditional award is made in a public meeting and with a public announcement of intent to award the contract by the Board. Further, at the public meeting, the Board announces the rankings of the Proposers, followed by written notification to the Proposers and posting on the Department's website.

9.10. Debriefings

Proposers who are not selected for award may request a debriefing from the Department. The requirements and time frame for requesting a debriefing are set forth in the RFP. Debriefings are:

- Limited to discussion of the unsuccessful Proposer's Proposal and do not include discussion of a competing Proposal
- Factual and consistent with the evaluation of the unsuccessful Proposer's Proposal
- To provide information on areas in which the unsuccessful Proposer's Proposal had weaknesses or deficiencies

Debriefings do not include discussion or dissemination of the thoughts, notes or rankings of the individual members of the Selection Recommendation Committee or Selection Recommendation Subcommittee.

9.11. Post-Award Activities

9.11.1. Finalizing Contract and Satisfying Conditions

After the announcement of intent to award the contract, the Department and the successful Proposer meet to finalize the terms and conditions of the contract. Further, all deliverables required under the RFP as a condition to final award are furnished by the Department and the successful Proposer, as applicable.

9.11.2. Approval of Contract

At least 30 days prior to the scheduled date for contract execution, the final form of the contract is submitted to the Board for review and approval.

10. TRANSITION TO PROJECT IMPLEMENTATION AND ADMINISTRATION

The Project Manager assists and coordinates with the Project Implementation Team to facilitate a seamless transition from the procurement phase to the contract administration and implementation phase. Prior to notice to proceed, the Project Manager conducts an internal workshop with the Project Implementation Team to provide an overview of the contract and the Project requirements.



Georgia Department of Transportation Public-Private Partnership Guidelines

Dated: February 2, 2010

Appendices

Appendix 1	Definitions
Appendix 2	Procurement Confidentiality Disclosure Agreement
Appendix 3	Project Data Request Form
Appendix 4	Project Screening and Evaluation Form
Appendix 5	Project Risk Assessment Chart
Appendix 6	Project Risk Allocation Chart
Appendix 7	Conflicts of Interest and Ethics Policy

4. PROJECT SCREENING AND EVALUATION FORM

**P3 Project Screening Criteria and Evaluation Form
PROJECT ●**

[DATE]

		Actual score	Maximum score
1. Potential for Value Added From Private Sector Involvement		0	15
No.	Criterion	Comments (including any critical concerns)	
1	To what extent can life cycle efficiencies and facility performance be optimized over time?		
2	To what extent can the design benefit from private sector innovation?		
3	To what extent can the construction benefit from private sector innovation?		
4	To what extent can operations and maintenance benefit from private sector innovation?		
5	What is the potential for integration issues/problems if the design, construction, operation and/or maintenance are performed by separate entities?		
6	To what extent will expedited project delivery benefit the State's mobility needs?		

		Actual score	Maximum score
2. Institutional / Political Support		0	25
No.	Criterion	Comments (including any critical concerns)	
1	Does the project have support from the general public / elected officials?		
2	To what extent does the project address a critical transportation need?		
3	Is the project consistent with, as relevant, the Statewide Strategic Plan or MPO Long Range Plans?		
4	Is there consensus among the various local and regional authorities to pursue the project?		

		Actual score	Maximum score
3. Project Maturity		0	15

No.	Criterion	Comments (including any critical concerns)
1	To what extent have the environmental documents been developed?	
2	What is the probability that the project can achieve environmental clearance within [3] years?	

	Actual score	Maximum score
4. Financial Feasibility	0	25

No.	Criterion	Comments (including any critical concerns)
1	To what extent does the project have committed public funding?	
2	To what extent can public funding be leveraged by private financing/funding?	
3	To what extent can dedicated funds (i.e. tolls, taxes) be made available for the project?	

	Actual score	Maximum score
5. Project Scope Suitability	0	10

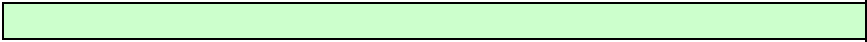
No.	Criterion	Comments (including any critical concerns)
1	To what extent does the project's technical complexity invite potential for innovation and risk transfer?	
2	How well is the project scope defined?	
3	To what extent does the project facilitate multiple modes of travel?	

	Actual score	Maximum score
6. Market Interest	0	10

No.	Criterion	Comments (including any critical concerns)
1	To what extent will the project be attractive to investors?	

RESULTS	
Is there a potential critical concern that limits the project's ability to be procured as a PPP in the near term?	

Recommended P3 delivery method



	Actual score	Maximum score	
1. Potential for Value Added From Private Sector Involvement	0	15	
2. Institutional / Political Support	0	25	
3. Project Maturity	0	15	
4. Financial Feasibility	0	25	
5. Project Scope Suitability	0	10	
6. Market Interest	0	10	
Total project score	0	100	Total maximum score must = 100
		OK	Check that maximum score = 100

5. PROJECT RISK ASSESSMENT CHART

GEORGIA DEPARTMENT OF TRANSPORTATION

[Project]

Risk Assessment Chart

Draft – _____

Risk	Prob. (1 – 3)	Impact (1 – 3)	Rating (1 – 9)	Comment	Action
Protest					
Scope Increase by adding O&M, ROW and/or Financial Services post-RFQ					
Design					
Third Party Design Approvals					
Pavement Design Surface Roadways Subsurface Roadways					
Basic Configuration					
Identification of Right of Way Limits / Acquisition of additional parcels					
Railroads					
Coordination Approval					
Utilities					
Misidentified Utility locations, types, sizes					

Risk	Prob. (1 – 3)	Impact (1 – 3)	Rating (1 – 9)	Comment	Action
Utility design reviews / construction by utilities					
Utility owner coordination / utility owner delays					
Not enough ROW to relocate utilities along the corridor.					
Construction					
Coordination with other projects GDOT Toll systems Others?					
Traffic Management / Incident Management (during construction)					
Damage to adjacent structures					
Community Impacts					
Governmental Approvals and Permits					
Obtain EA and FONSI					
Need to go outside EA R/W – drainage easements, utility easements, construction easements, life systems					
Obtain 404 Permit					
Obtain 401 Permit					

Risk	Prob. (1 – 3)	Impact (1 – 3)	Rating (1 – 9)	Comment	Action
EPA					
Obtain Other Governmental Approvals and Permits					
Changes to governmental approvals and permits					
SEP-14/SEP-15					
Tolling the Interstate					
Contaminated Materials					
Contaminated Soil					
Quantities Unexpected Types Unexpected Locations					
Asbestos/Lead					
Contaminated Groundwater					
Differing Site Conditions					
Surface portion					
Groundwater level					
Force Majeure and Other Conditions					
Weather					
Archeological/Cultural Resources					
Biological Recourses / Endangered Species					
Third Party Litigation					

Risk	Prob. (1 – 3)	Impact (1 – 3)	Rating (1 – 9)	Comment	Action
Schedule					
Outside date to issue NTP					
Completion Deadlines					
Owner Payment					
Toll Revenue Bonds					
Price adjustment – steel, fuels					
Tunnel and ITS Systems					
Tunnel System					
ITS System					
Bonds					
Performance and Payment Bond					
Warranty Bonds					
Insurance					
Insurance program costs					
Operations and Maintenance					

6. PROJECT RISK ALLOCATION CHART

_____ Project
Working Group Recommendations for Risk Allocation
Design and Construction Phase

Risk	Developer Risk	GDOT risk	Relief Event	Compensation Event	
A. Right of Way					
i. Acquisition – parcels designated in RFP to be acquired by Agency by specified deadlines					
ii. Acquisition – parcels designated in RFP to be acquired by Developer (up to condemnation)					
iii. Sufficiency					
iv. Drainage easements and required ancillary properties					
v. Developer-designated right of way					
vi. Temporary right of way					
vii. ROW Cost					
B. Geotech					
i. Accuracy of information supplied					
ii. Differing Subsurface Conditions					

Risk	Developer Risk	GDOT risk	Relief Event	Compensation Event	
C. Groundwater					
D. Hazardous Materials					
i. Known/Identified as of Proposal Date					
ii. Unknown as of Proposal Date					
iii. Occuring During Design and Construction					
iv. Generator Status					
E. Existing Defects					
i. Existing road incorporated into project					
ii. Reconstructed Portions					
iii. Others					
F. Governmental Approvals					
i. RODs					
ii. 404					
iii. 401					
iv. Tolling					
v. All other Governmental Approvals/Permits					
vi. Offsite Mitigation					
G. Third Party Approvals					
i. Railroad					

Risk	Developer Risk	GDOT risk	Relief Event	Compensation Event	
ii. Others					
H. Utilities					
i. Accuracy of information supplied					
ii. Delay by utility					
iii. Unidentified/misidentified utilities					
iv. Reimbursement					
v. Insufficient right of way					
vi. New utilities coming in during design and construction (not previously disclosed)					
vii. Acquiring Utility Easements					
viii. Master Utility Agreements					
I. Design					
i. Design Review					
ii. Design QC/QA; Independent Engineer					
J. Construction					
i. Construction Review					
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					

Risk	Developer Risk	GDOT risk	Relief Event	Compensation Event	
iv. Coordination with other Contractors (D/B work)					
K. Tolling System					
i. Meeting Performance Requirements					
ii. Interoperability					
L. Change in Law					
i. Discriminatory					
ii. General					
M. Change in Standards					
i. Discriminatory					
ii. General					
N. Litigation					
i. Permits/Approvals					
O. Force Majeure					

_____ Project
Working Group Recommendations for Risk Allocation
O&M Phase

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
A. Hazardous Materials					
i. Occuring During O&M Phase					
ii. Occuring as a result of accidents					
B. Existing Defects					
i. Existing road					
ii. Reconstructed Portions					
iii. Others?					
C. Governmental Approvals					
i. Operating Permits?					
ii. Offsite Mitigation					
D. Third Party Approvals (other than utilities)					
i. Railroad					
ii. Others					
E. Utilities					

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
i. New utilities during O&M phase					
ii. Needed for operations					
F. Renewal Work					
i. Cost					
ii. Impact on revenues					
G. Upgrade Work – Agency initiated					
i. Cost					
ii. Impact on revenues					
H. Upgrade Work – Developer initiated					
i. Cost					
ii. Impact on revenues					
I. Upgrade Work – Mandated					
i. Cost					
ii. Impact on revenues					
J. Handback Work					
i. Cost					
ii. Impact on revenues					

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
K. Rehab/Renewal Work - Design					
i. Design Review					
ii. Design QC/QA; Independent Engineer					
L. Upgrade Work – Design					
i. Design Review					
ii. Design QC/QA; Independent Engineer					
M. Handback/ Renewal Work - Design					
i. Design Review					
ii. Design QC/QA; Independent Engineer					
N. Renewal Work Construction					
i. Construction Review					
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
O. Upgrade Work – Agency Initiated -- Construction					
i. Construction Review					
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					
P. Upgrade Work – Developer Initiated -- Construction					
i. Construction Review					
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					
Q. Upgrade Work – Mandated - Construction					
i. Construction Review					

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					
R. Handback Work -- Construction					
i. Construction Review					
ii. Construction QC/QA; Independent Engineer					
iii. Maintenance/ Security During Construction					
S. Tolling System					
i. Meeting Performance Requirements					
ii. Interoperability					
iii. Technological Updates/Advances					
T. Change in Law					
i. Discriminatory					
ii. General					

Risk	Developer Risk	GDOT Risk	Relief Event	Compensation Event	Comments
U. Change in Standards					
i. Discriminatory					
ii. General					
V. Force Majeure					
W. Tolls					
i. Insufficiency					
ii. Less than projections					
iii. Collection					
iv. Enforcement re: Violators					
v. Collection of other Operator's Customers					
X. Road Enforcement					
Y. Connector/Access Roads					
i. Maintenance responsibility					
ii. Impact on revenues for poor maintenance					

Georgia Tests New P3 Approach With WxNW

21 May 2010 | USA

View "SR 400 (Georgia)" profile

Georgia, one of the first US states to adopt P3 procurement, is also one of the first to have learned that market-based solutions have their limits.

The state's first idea was to accept unsolicited bids. Let the market suggest solutions to roads problems. What Georgia found out, however, is that the private sector's priority is profit, not the state's transportation needs. The unsolicited proposals tended to focus on projects that served the bidders' financial interest. In investment parlance, the unsolicited bids and the state's interests weren't aligned.

"Private sector proposers were selecting projects that offered what they perceived as the highest probability of financial success, but which weren't necessarily the department's most pressing priorities since they were not solving the state's congestion issues," said David Spear, the spokesman for the Georgia Department of Transportation (GDOT).

Georgia therefore rejected the proposals, went back to the drawing board, and came back with a new approach. The new legislation eliminated the unsolicited bids and empowered GDOT to identify and solicit projects it believes are necessary.

The result is the Managed Lane System Plan (MLSP), a shopping list of 18 projects with a price tag of more than USD16bn. The MLSP's objective is to reduce congestion by adding capacity.

In an early test of whether its new legislation better aligns state needs with the private sector's profit motive, Georgia is now procuring the West by Northwest (WxNW) project. In its entirety, the WxNW has a price tag of USD2.3bn, putting it among the handful of biggest projects in the US. Georgia may, however, procure the WxNW as two projects of roughly equal size.

"We are trying to form a partnership with the industry and we wouldn't be able to fund this project if we didn't."

– Vance Smith Jr.

"We are trying to form a partnership with the industry and we wouldn't be able to fund this project if we didn't have a partnership," Georgia Transportation Commissioner Vance Smith Jr. said in an interview with *InfraAmericas*.

The WxNW project has two elements: a 50-year concession to develop, design, construct, finance, operate and maintain a managed lane system on segments of I-75 and I-575 in the state's Cobb and Cherokee counties – known as the Northwest Corridor – as well as do preparatory engineering and environmental work for a managed lane system on the so-called west wall of I-285 and a portion of I-20 in Cobb County – known as the Western Corridor.

The project is meant to alleviate congestion in metropolitan Atlanta.

"They are not looking to monetize and get a pay check for this. They are looking to get capacity out of this," said Elliot Brown of RBC Capital Markets. Brown is GDOT's adviser.



Georgia's First P3 Projects

- **WxNW** – USD2.3bn project: Northwest Corridor is DBFOM. Western Corridor is now PDA. Three interested teams. Shortlist due in June.
- **Welcome Centers and Rest Areas** – Nine interstate highway Welcome Centers and 17 rest areas. RFI issued.
- **Multi-modal passenger terminal**: RFQ due in fall 2010.
- **SR400, I-85**: Procurement model under consideration.

The second MLSP project Georgia is bringing to market involves 17 rest areas and may include nine Welcome Centers on the Interstate Highway system. The private investor can increase revenue from advertising in the rest areas to mitigate maintenance and operational costs.

P3 Support in Georgia

Three consortia, encompassing five companies, have responded to GDOT's request for qualifications for the WxNW. The request for proposals is scheduled to go out in September. The preferred bidder should be chosen in March 2011 with financial close pencilled in for July 2011.

The state is expected to contribute USD350m to the cost and help the developer obtain funds under the Transportation Infrastructure Finance and Innovation Act (TIFIA) as well as with private activity bonds (PABs) and other sources of funding.

By comparison, the USD2.05bn North Tarrant Express in Texas was financed with USD573m in state contributions, USD400m in senior Private Activity Bond (PAB) debt, USD650m in TIFIA credit, and USD427m in sponsor equity.

"There is great support within the Department of Transportation for this program and a structure in place to back that up," said Chip Meeks, the innovative finance director at GDOT. He said the state is actively studying other P3 projects, including the State Route 400, the I-85, a multi-modal passenger terminal for which they will issue a RFQ next fall, and a potential lease of state communication towers.

"There is great support within the Department of Transportation for this program and a structure in place to back that up."

- Chip Meeks

The SR 400 is a major interstate-like freeway that serves as a main commuter route from the northern suburbs to downtown Atlanta. The project encompasses the construction of new, managed lanes in both directions. The department doesn't have a cost estimate or timetable but *InfraAmericas* understands it would require a rough investment of USD1bn. The project was one that received an unsolicited bid in the former P3 regime and GDOT is now making it a high priority.

The I-85 is a USD100m US Department of Transportation-funded managed lane demonstration project. The project includes converting the high occupancy vehicle (HOV) lanes in each direction on a 14-mile stretch of I-85 on the northeast side of the city into high occupancy toll (HOT) lanes. This isn't a P3 project yet but GDOT plans to install HOT lanes on all of I-85 and all interstates in the metro Atlanta area.

The multi-modal passenger terminal is a joint venture enterprise of GDOT, Metropolitan Atlanta Rapid Transit Authority, City of Atlanta, and other public sector groups who want private partners to develop a central location for bus, commuter rail, high speed rail and subway in the central downtown area with commercial office and/or retail space above the station. A memorandum of agreement between governmental partners is expected in the next month and a request for proposals is expected in the fall.

Congestion Problems

There's little question Georgia needs to do something. Projections are that traffic in the Atlanta metropolitan area will increase 30% in the next 25 years. Truck traffic is expected to increase 50%.

"Even with the economic times as they are, we are growing population wise, we are growing business wise," said Smith. "Industry still comes. It looks at Georgia and still comes to Georgia."

Dealing with that congestion threat in a coherent way was part of the reason for the state's new approach. GDOT wanted to see the bigger picture, and it created a new P3 division to help do so. The new P3 legislation also created strict criteria for projects, including a measure that considers the likely outcome. The idea is to make sure P3s run smoothly.

"The P3 delivery mechanism is a foundation and is something the department is looking to as a core delivery model."

- Elliot Brown

"There is a case-by-case look at what is the optimal approach to each project," said Brown. "That's not to say that every single corridor and every single segment of each corridor that was contemplated as the MLSP will be a P3 project. But the P3 delivery mechanism is a foundation and is something the department is looking to as a core delivery model for any of these projects."

New legislation and new approaches, of course, don't solve all the problems.

The state's P3 department is without a director following the retirement of Earl Mahfuz in April. But the state is so far meeting its deadlines. The infrastructure market is watching the WxNW closely to see whether it continues to follow the schedule and whether the project proves itself as big a pathfinder as the state would like.

Industry experts said GDOT looks like a desirable partner, but that the jury remains out on its ability to deliver.

Measured by the interest it's attracting, the WxNW can claim early success. The leading bidders are among the world's most important participants in road transportation projects. France's Vinci and Spain's OHL lead one consortium. Spain's ACS Infrastructure leads the second. Spain's Cintra, France's Meridiam, and Portugal's Grupo Soares da Costa lead the third.

"If you can demonstrate to the market that there is a process that the department lays out and the department is able to effectively deliver on that schedule, then that's the beginning steps of developing that sort of trust and relationship with the industry," said Brown.

Georgia Rest Area and Welcome Center Concessions

Oregon



Facts About The Oregon Innovative Partnerships Program

Progressive Leadership for Oregon's Transportation Future

Background: Mobility is at the core of Oregon's economy and our quality of life. The Oregon Department of Transportation (ODOT) has been keeping people and commerce in Oregon moving safely and efficiently for decades via a modern network of publicly funded highways, roads, bridges, rail lines and public transit.

To secure Oregon's economic future, we must keep moving forward to maintain and operate a safe, reliable and efficient transportation system that keeps up with Oregon's needs. But there are challenges. For example, \$6 billion is needed in the Metro region alone to meet its mobility demands over the next 20 years. Yet, these public funds do not currently exist. At the same time, the costs to study, design and construct new highway infrastructure continue to rise. The fact is traditional public financing of highway construction and improvements—principally, the Oregon State gasoline tax (the last one-cent increase was in 1993)—has not kept pace with our increasing mobility demands and transportation infrastructure needs.

Profile: The Oregon Innovative Partnerships Program (OIPP) is a bold and progressive initiative to expedite the study, funding, design and construction of new transportation infrastructure necessary for Oregon's economic future. The OIPP is the result of the forward-thinking leadership of the Oregon Legislature, which in 2003 passed Senate Bill 772, breaking down many of the barriers standing between the State's transportation infrastructure needs and the critical but unfunded transportation projects identified to meet those needs.

The Oregon Innovative Partnerships Program paves the way for ODOT to fast track important transportation infrastructure projects by bringing new funding, expertise and technology together to maximize the public's investment in transportation.

Facts: Administered by ODOT, the Oregon Innovative Partnerships Program creates a platform for studying, designing, funding and constructing new transportation infrastructure projects that would otherwise be decades away or never constructed at all. It does this by:

- Supporting the creation of public-private partnerships between ODOT, other government agencies and the private sector to encourage early-stage innovation in highway project study, design, funding and construction.
- Allowing ODOT to issue requests for proposals and accept unsolicited proposals for transportation projects from private-sector firms, other government agencies or public-private partnerships.
- Authorizing flexible financing options for public-private highway, rail, public transit, airport and seaport projects, including private-sector funding, lease-back tolling operations, special improvement districts, and federal and State bonds.
- Allowing the fast-track study, design, funding and construction of State highway projects independent of the normal State procurement process, but under the authority of ODOT and the Oregon Transportation Commission.



Benefits: The progressive and pioneering Oregon Innovative Partnerships Program will help ensure Oregon's strong economic future by bringing the best of the private sector together with the best of the public sector to deliver transportation infrastructure projects to Oregonians better, faster and more efficiently by:

- Streamlining the study, design, funding and construction of transportation projects through public-private partnerships.
- Achieving cost and time savings by engaging the innovations, efficiencies and technologies unique to the private-sector.
- Creating opportunities for private-sector funding of transportation projects.
- Ensuring that ODOT retains control and requiring all projects to conform to strict environmental and land use regulations, and to be sensitive to the needs of the communities they serve.
- Ensuring that the expansion and improvement designs meet ODOT's performance standards at the lowest possible construction cost.
- Taking the responsibility for interest rates on the debt and repayment of the debt, lifting that burden from taxpayers.



What is the Office of Innovative Partnerships?

- The Office of Innovative Partnerships and Alternative Funding (OIPAF) is a unit of the Oregon Department of Transportation (ODOT) that works to create public-private partnerships benefiting the state transportation system and its citizens.
- This office runs the Oregon Innovative Partnerships Program (OIPP), a program created in 2003 by the Oregon Legislature (ORS 367.800 to 367.826).
- ODOT is one of a handful of states with legal authority to enter into public-private partnerships through negotiated agreement.

Why create a new program?

- The legislature recognized that, in Oregon, the normal ways of financing transportation infrastructure have not kept up with the growing needs of its citizens.
- This new program allows ODOT access to private sector creativity, innovation, flexibility and entrepreneurship that may result in unique ways to solve transportation problems—ways that are not readily available with traditional approaches to funding transportation projects.

How does it work?

- OIPP can receive either solicited or unsolicited proposals for transportation projects.
- Proposals can be from private entities, other units of government, or a combination of the two.
- Proposals are evaluated based on criteria detailed in Oregon's Administrative Rules (OAR 731, Division 70).
- The Oregon Transportation Commission (OTC) has ultimate authority to approve both the projects that go forward and the terms of each agreement.

What kinds of projects are eligible?

- The law defines a "transportation project" as any undertaking that facilitates any mode of transportation. This may include highways, rail, public transit, air, port facilities, and even other non-traditional projects such as utility transmission lines and fiber optics.
- Ultimately, the OTC will decide how broad a range of "transportation projects" they want to take on. However, from a legal standpoint, the commission has very broad authority.



What “innovative” guidelines apply to projects under OIPP?

- The law exempts OIPP from most of the public procurement requirements in the Oregon Revised Statutes, allowing it to design specific approaches to fit the needs of individual projects.
- The law created a new Transportation Enterprise Fund as a separate account in the Oregon Treasury for use with OIPP projects, as needed.
- The law enables many funding options to be considered in projects, including user fees, direct contributions, debt instruments, and special improvement districts.
- The law expands ODOT’s right of Eminent Domain to acquire real property for transportation purposes even for cases where ultimate ownership of the facility/property may be non-state.

What is OIPP working on currently?

1. A Request for Proposals was opened in spring 2005 for three major highway projects that could total close to \$1 billion if fully developed. Proposals received will be evaluated and successful proposers will go forward into contract negotiations. Depending on the outcome of negotiations, pre-development work should commence on the projects in early 2006.
2. In addition, ODOT is working on using OIPP as a means of exchanging various highway maintenance facility properties around the state for new facilities. These properties were at one time outside of urban areas but as cities and towns have grown, many facilities are now in areas considered prime for development. ODOT is working to exchange these properties for land and facilities that make more sense for cities, towns, and ODOT.
3. Unsolicited proposals are invited on projects yet to be considered.

Who supports OIPP?

OIPP has support from the Oregon Legislature, which created the program; the Governor, who signed it into law; the Oregon Transportation Commission, which adopted the rules for the program and gave the go-ahead on the current projects; and ODOT’s Director who was involved with the program’s rollout.

How can I learn more?

Visit the OIPP web site at www.oregon.gov/ODOT/HWY/OIPP or contact the office at 355 Capitol St. NE, Room 115, Salem OR 97301, (503) 986-3193.

OREGON INNOVATIVE PARTNERSHIPS PROGRAM

OREGON DEPARTMENT OF TRANSPORTATION



The 2003 Oregon Legislature created the Oregon Innovative Partnerships Program, or OIPP, to allow new partnership opportunities for transportation projects with private businesses, local governments and the Oregon Department of Transportation. The OIPP goal is to speed project delivery and encourage innovation by bringing new funding, expertise and technology together to maximize public investment in transportation.

Encourages Innovation

The OIPP encourages innovation and creativity by removing statutory roadblocks and encouraging entrepreneurship from the private sector and local governments.

This program gives ODOT the freedom to ask for proposals, or accept unsolicited proposals, for transportation projects from private firms and governmental organizations. Private companies can participate at the conceptual stage of project development, allowing innovative techniques and finance plans to be proposed early in the project.

Provides Financing Tools

The OIPP creates flexible financing options for public-private partnerships. OIPP projects can receive revenue and property contributed by private and public organizations and from user fees such as tolling. Other financing tools include: the federal Transportation Infrastructure Finance and Innovation Act (TIFIA), Grant Anticipation Revenue Vehicles (GARVEE) bonds, the Oregon Transportation Infrastructure Fund (OTIF) and the new State Transportation Enterprise Fund (STEF). Special improvement districts also may be formed to finance transportation projects.

Expedites Processes

The OIPP can expedite projects and maximize innovation by operating independently while coordinating with other divisions within ODOT. Since projects proposed under the OIPP bring new, non-state funds to the table, the OIPP is able to streamline the process for selection of project partners.

Creates Opportunity

In addition to traditional highway projects, the program allows public and private organizations to propose a broad range of transportation projects including rail, waterways, air travel, bikeways, pedestrian walkways, and even transmission projects like power, fiber optics and pipelines. The legislation enables creativity and invites you to explore the possibilities.

For More Information

Please visit us at www.oregon.gov/ODOT/ or call (503) 986-3193

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Oregon Department of Transportation

*The Innovative Partnerships Program was
established in 2003, ORS 367.800.*

OREGON INNOVATIVE PARTNERSHIPS PROGRAM
OREGON DEPARTMENT OF TRANSPORTATION

Providing new opportunities for partnership in state and local transportation projects.



Facts about Oregon Transportation Improvement Group

Background: Oregon Transportation Improvement Group (OTIG) is the consortium of private-sector companies involved in a flagship public-private transportation partnership with the Oregon Department of Transportation (ODOT). Under the umbrella of the Oregon Innovative Partnerships Program, the ODOT-OTIG partnership is undertaking three vital transportation projects. These projects—Newberg-Dundee Bypass, the Sunrise Project and the I-205 South Corridor Improvements—would otherwise not be constructed in the foreseeable future, due to lack of public funds.

Profile: Oregon Transportation Improvement Group is a consortium of companies with deep experience and long histories of success in the financing, design, engineering, construction and operation of state-of-the-art transportation facilities. Oregon Transportation Improvement Group is comprised of:

- Macquarie Infrastructure Group, a wholly owned subsidiary of Macquarie Bank Limited of Australia. Macquarie Infrastructure Group is a leading corporation in the financing, construction and operation of highly successful transportation facilities in the United States and around the world. Macquarie is also developing the South Bay Expressway (California SR-125), a state-of-the-art electronic toll road in San Diego, California, and currently operates the Chicago Skyway and the Dulles Greenway in Virginia. Another Macquarie affiliate is currently developing the Sea-To-Sky Highway in British Columbia, along with vital related transportation links to serve the 2010 Winter Olympics. For more information, visit www.macquarie.com.au/au/mig/.
- Hatch Mott MacDonald is a North American engineering and transportation consulting firm with comprehensive capabilities in planning, environmental assessments, design, procurement, construction engineering and inspection, construction management, and facility maintenance and operations. Hatch Mott MacDonald is an industry leader in alternative project procurement, bringing extensive comprehensive engineering consulting experience to the ODOT-OTIG partnership. Its transportation project record includes project and construction management of the highway and bridge program for Santa Clara County, California; major light-rail projects in Sacramento and San Jose; and transportation infrastructure for the Pearson International Airport Terminal in Toronto. For more information, go to www.hatchmott.com/home.asp.
- Several other local sub-consultants are part of Oregon Transportation Improvement Group, including Preston Gates & Ellis LLP; Cogan Owens Cogan, LLC; and EnviroIssues. They provide valuable local area expertise and transportation experience.
- Local and national construction firms and subcontractors will be hired for actual project construction, if OTIG's pre-development work shows the projects to be financially viable.

Facts: The ODOT-OTIG partnership combines the strength of ODOT's planning and oversight, environment processing and right-of-way experience with Oregon Transportation Improvement Group consortium's financial resources and international experience in transportation infrastructure financing, development and operations.

- In January 2006, the Oregon Transportation Commission authorized Oregon Transportation Improvement Group to proceed with pre-development work on the three projects: the Newberg-Dundee Bypass, the Sunrise Project and the I-205 South Corridor Improvements.



- Oregon Transportation Improvement Group's experts will analyze the financial and technical feasibility of various options for the projects. Activities undertaken during this phase will allow OTIG to make informed decisions regarding the next steps for each project—whether to go forward into the implementation phase or not.
- The Oregon Innovative Partnerships Program encourages its partners to consider flexible financing options for infrastructure projects, including private-sector funding, lease-back tolling operations, special improvement districts, and federal and State bonds.
- Tolls are being considered as a way to help pay for construction, operation and maintenance of the projects. In 1999, the Oregon Legislature directed ODOT to examine tolling as a way to help finance highways (ORS 366.292).
- Oregon Transportation Improvement Group will work side by side with ODOT and local communities as they investigate the feasibility of the projects.
- When the pre-development work is finished, and if the projects are deemed technically and financially viable, ODOT will request Oregon Transportation Commission approval to enter into negotiations with Oregon Transportation Improvement Group to implement the projects. If negotiations are successful, OTIG will bid out the projects for construction, which will result in the creation of jobs for Oregonians.
- ODOT has set aside an amount not to exceed \$20 million for possible reimbursement for the cost of conducting the pre-development studies should ODOT or Oregon Transportation Improvement Group decide not to proceed with a project. However, Oregon Transportation Improvement Group has agreed to bear the cost of conducting the pre-development studies—in addition to providing up-front funding for the projects if they prove feasible—and it was their willingness to do so that was a key point in their proposal. None of the \$20 million will be reimbursed if the projects move successfully into implementation. The total pre-development costs for the three individual projects are estimated at over \$26.5 million, but ODOT's potential reimbursement is capped at \$20 million.

Benefits: Oregon Transportation Improvement Group's selection provides a number of benefits:

- Oregon Transportation Improvement Group has proposed to provide the funding needed to build the projects up front. This is crucial since no additional federal or State funding is currently available for these projects, nor is it expected to be available within the foreseeable future.
- The Macquarie Infrastructure Group offers significant U.S. and international experience financing, building and operating high-quality transportation facilities.
- If the projects move forward, Oregon Transportation Improvement Group will conduct a competition for design and construction of the projects, ensuring that Oregon will receive the highest value on its investment. This also means the projects will bring family-wage jobs to the State.
- The partnership ensures that ODOT remains in control of the projects, requiring Oregon Transportation Improvement Group to conform to strict environmental and land use regulations and to remain sensitive to the needs of the communities they serve.



Frequently Asked Questions

Oregon Innovative Partnerships Program and Oregon Transportation Improvement Group

Q. What is the Oregon Innovative Partnerships Program?

A. The Oregon Innovative Partnerships Program (OIPP) is a forward-looking strategy to help solve our State's current and future transportation challenges. The program allows the Oregon Department of Transportation (ODOT) to enter into partnerships with private-sector businesses and local governments to study, design, fund, construct and operate critically needed transportation projects, including roads, bridges, airports and ports.

The goal of the Oregon Innovative Partnerships Program is to expedite the construction of greatly needed transportation infrastructure that would otherwise not be constructed for decades, if at all. Through the public-private partnerships encouraged by the program, the Oregon Department of Transportation is able to bring new funding sources, expertise and technology together to maximize the public's investment in transportation.

Q. Why did the Oregon Legislature establish the Oregon Innovative Partnerships Program?

A. Studies commissioned by the Oregon Transportation Commission and private business organizations continue to show that the existing gas tax (the last one-cent increase was in 1993) does not provide enough revenue to meet Oregon's transportation needs, even as commercial and commuter traffic continues to grow and congestion mounts. For example, \$6 billion is needed in the Metro region alone to meet the mobility demands of the region over the next 20 years. Yet, public funds are not currently available to finance these projects.

Recognizing this challenge, the Oregon Legislature passed Senate Bill 772 in 2003, removing a number of barriers to the formation of public-private partnerships that could help finance and deliver important transportation-related projects which might otherwise take decades to construct, if ever. The Oregon Innovative Partnerships Program provides the mechanism that allows the Oregon Department of Transportation to enter into these public-private partnerships.

Q. How does the Oregon Innovative Partnerships Program work?

A. The Oregon Innovative Partnerships Program allows the Oregon Department of Transportation to accept proposals for transportation projects from other government organizations and private businesses. The program also allows the use of a wide variety of financing mechanisms for transportation projects. These include special improvement districts, federal and State bonds, revenue and property contributed by private and public interests, and user fees such as tolls. Federal and State grants can also be used to develop projects under the program. The involvement of private-sector partners in early planning stages allows for the identification of design, construction and funding innovations that help the State deliver transportation projects quickly and more efficiently.

Q. What is Oregon Transportation Improvement Group?

A. Oregon Transportation Improvement Group (OTIG) is the private-sector partner selected by the Oregon Department of Transportation to study, design, engineer, fund, construct and potentially operate three transportation improvement projects that are needed to help keep Oregon's economy moving forward. Oregon Transportation Improvement Group is a consortium of companies with extensive experience and long histories of success in the financing, design, engineering and operation of state-of-the-art transportation facilities.



The group is led by Macquarie Infrastructure Group, a wholly owned subsidiary of Macquarie Bank Limited, listed on the Australian Stock Exchange. The Macquarie Infrastructure Group is a leading corporation in the financing, construction and operation of highly successful transportation facilities in the United States and around the world.

The other principal partner is Hatch Mott MacDonald, a North American engineering and transportation consulting firm with comprehensive capabilities in planning, environmental assessments, studies and analysis, design, procurement, construction engineering and inspection, construction management, and facility maintenance and operation.

Q. Why was Oregon Transportation Improvement Group selected for these projects?

A. Oregon Transportation Improvement Group was one of two entities worldwide that submitted proposals to the Office of Innovative Partnerships and Alternative Funding. The group was chosen because of its significant U.S. and international experience financing, developing and operating high-quality transportation facilities; its ability to fund the projects up front; its willingness to assume the financial risk for the timely construction and successful operation of the three projects; and for a proposed 30 percent reduction in costs if awarded all three projects. Macquarie Infrastructure Group—leader of the consortium—is a global leader in the study, design, engineering and operation of financially challenging highway projects.

Q. What transportation improvement projects are being studied under the Oregon Innovative Partnerships Program?

A. The Oregon Innovative Partnerships Program identified three significant transportation projects as possible public-private partnership projects. They are the Newberg-Dundee Bypass, the Sunrise Corridor and the I-205 South Corridor Improvements.

Q. When would work on these projects start?

A. The Oregon Department of Transportation and Oregon Transportation Improvement Group are currently evaluating the financial and technical feasibility of building the projects as a public-private partnership, and no decisions have yet been made about when, or even whether they might be built. If the projects prove to be viable and the partners decide to proceed, construction would start many years ahead of when it would otherwise if the normal funding process was used.

Q. Why were these three projects selected for the Oregon Department of Transportation's first public-private partnership?

A. The three projects were selected because they have shown the most potential to significantly relieve traffic congestion in the communities where they would be built, and because there is currently no way to fund their construction.





- The 11-mile Newberg-Dundee Bypass is located on the south side of Newberg and Dundee. The Bypass will provide relief for 99W, where traffic is expected to increase from approximately 35,000 vehicle trips a day to as many as 56,000 over the next 20 years. It would also alleviate rapidly increasing truck and commuter congestion on 99W through Newberg, Dundee and west to Dayton. The project is currently estimated to cost from \$325 to \$425 million, depending on the final design. More information about the project may be found at www.newbergdundeebypass.org.
- The Sunrise Corridor. The Sunrise Corridor is a proposed new highway corridor that would provide a direct connection between I-205 and US Highway 26 in Clackamas County. Two separate sections of the proposed corridor have been discussed over the years and are currently in different phases of planning.
 - The Sunrise Project**—A new six-lane, limited-access highway stretching five miles along the OR 212/224 Corridor between I-205 and Rock Creek Junction. The purpose of this project is to address the traffic congestion and safety problems in the Corridor. The Corridor currently carries more than 60,000 vehicles per day; trucks generate more than 12 percent of this traffic. The Sunrise Project is currently the subject of a Supplemental Draft Environmental Impact Statement (SDEIS) that will be completed in late 2007. At this point in time and depending on the final design, the project is estimated at approximately \$585 million. More information about the project may be found at: www.deainc.com/sunrise/background.html.
 - Sunrise Parkway**—Development of a new four-lane, limited-access parkway stretching eight miles further east along Highway 212 Corridor, from Rock Creek Junction to US Highway 26, to serve the newly incorporated City of Damascus, as well as route regional through traffic outside the Damascus Town Center. The project was examined in conjunction with the recently completed Damascus/Boring Concept Plan. The Sunrise Parkway would likely require preparation of an Environmental Impact Statement within the next few years. The project also would serve traffic from future development in Damascus, as well as the growing need in the area for access to the State highway system. The design currently being investigated would cost in the neighborhood of \$600 million. The Damascus/Boring Concept Plan findings and recommendations may be found at: www.co.clackamas.or.us/dtd/lngplan/damascus/.
- The I-205 Corridor—The I-205 Corridor is a 25.5-mile-long, north-south freight and commuter route in the Portland metropolitan region. In its current configuration, the transition from six lanes to four lanes at the Willamette River crossing in the south portion of the Corridor (I-5 to the Willamette River) contributes to significant traffic congestion. Development over the past decade, particularly in the south metropolitan area, has increased traffic volume throughout the Corridor. Traffic volumes in the I-205 Corridor range from 80,000 to 157,000 vehicles per day.

A study is underway to identify needs and potential innovative solutions in the I-205 Corridor. One improvement underway is the addition of one lane in each direction from I-5 to the Stafford Interchange. Future improvements may include adding additional capacity between I-5 and OR 213S, and widening the Abernethy Bridge over the Willamette River. Major interchanges with current operational problems may also be included as part of a project for I-205. Studies are also being conducted on the feasibility of lane additions on I-205 from OR 213S north to I-84. Total cost of all these potential improvements is estimated at more than \$780 million. If selected for further study, the individual projects will undergo environmental impact studies.

Q. Is the charging of tolls being considered for these projects?

A. Yes. Toll revenue is the largest source of potential funding for these projects and is likely to have greater public acceptance than increases in property or gas taxes. It is also a more certain source of funding than federal or State money. Tolling has been successfully



and widely used to finance the construction, operation and maintenance of roads and bridges where available public transportation funds are insufficient. That said, it is important to note that no option has been precluded from further study at this stage.

Q. If these projects are constructed, will Oregon firms share in the work?

A. These projects will be open to all qualified bidders, just like any other ODOT transportation project. Oregon Transportation Improvement Group will function as a developer of any projects that are built, not as the constructor. Instead, working with ODOT, Oregon Transportation Improvement Group would request proposals for design and construction of any projects that might be built under the program, thereby opening up millions of dollars in project work for construction, grading, paving and landscaping companies, among other trades, along with hundreds of well-paying construction jobs.

Q. How much is ODOT paying Oregon Transportation Improvement Group?

A. Oregon Transportation Improvement Group has agreed to bear the cost of conducting the pre-development studies, and it was their willingness to do so that was a key point in their proposal. ODOT has set aside an amount not to exceed \$20 million for possible reimbursement for the cost of conducting the pre-development studies if ODOT or Oregon Transportation Improvement Group decides not to proceed with any of the projects.

None of the \$20 million will be reimbursed if the projects move successfully into implementation. The total pre-development costs for the three individual projects are estimated at over \$26.5 million, but ODOT's risk is capped at \$20 million.

Q. How will the toll amount be determined? Will Oregon Transportation Improvement Group be able to raise tolls?

A. The toll amount will be determined based on the total cost of the project and the length of time it will take to pay back Oregon Transportation Improvement Group for its investment, plus a fair return on its investment. The State will determine the percentage of profit allowed; toll rates will be regulated by a predetermined structure in the contract and are typically tied to the rate of inflation.

Q. How long will the tolls remain on the highways?

A. The length of time will be determined based on the project's overall cost, including operation and maintenance of the facility, and the preapproved rate of return on Oregon Transportation Improvement Group's investment. The State will need to decide, at the end of the concession period, whether to remove the tolls completely, or reduce them and use the funds for maintenance and operation of the facility.

Q. Will Oregon Transportation Improvement Group make a profit on this work?

A. Yes. This is the "private" part of public-private partnerships. Oregon Transportation Improvement Group invests its money and assumes all the risk that the project will be successful, in anticipation of an eventual return on its investment. Toll facilities are long-term investments; sometimes a profit isn't realized for many years. The risk that the facility will eventually be profitable is Oregon Transportation Improvement Group's; the Oregon taxpayer assumes no risk at all.

For more information:

Visit the Oregon Innovative Partnerships Web site at www.oregon.gov/ODOT/HWY/OIPP

E-mail us: askodot@odot.state.or.us • Call toll-free: 1-888-Ask-ODOT (275-6368)

1 SOLICITED PROJECT DEVELOPMENT

1.1 Project Definition and Project Approach

Utilizing the project screening criteria and process discussed in Section 2.2, a project or group of projects is selected for the solicitation process. This screening will provide the project definition necessary to identify the preferred project solicitation approach, whether it is conceptual or defined.

Conceptual vs. Defined Project Solicitations

It is important to recognize that a solicited project can be based on either conceptual or defined technical, organizational, and financial parameters.

- Defined projects are those where the solicitation presents adequate detail for multiple bidders to be considered sufficiently responsive and competitive; in particular that it is possible to receive multiple price proposals.
- Conceptual projects are early in the development cycle. These require additional development work prior to receiving firm price proposals and the OIPP program may be used to engage the private sector partner in this early work.

For projects that are defined, a traditional request for qualifications (RFQ) and/or request for proposals (RFP) process can be followed to identify potential private partners for a given project or set of projects. For conceptual projects, these could be solicited in incremental steps which may include an RFI, a Conceptual Proposal and/or a Pre-Development Agreement before receiving a detailed price proposal.

These steps will assist the OIPU in refining the project definition and critical parameters. For both conceptual and defined solicitations, the initial screening steps must be followed. The primary difference related to Conceptual Proposals will relate to the early involvement of the private sector in the project definition and viability assessment phase.

As a general background, it is anticipated that the Solicitation process will generally follow these steps:

- Initial identification of potential Corridors and/or Projects
- Initial screening and analysis, as needed
- Primary Candidate Identification
- Preliminary Local Consultation
 - This is an initial discussion and it not intended to meet the requirement for consultation with regional and local government under OAR 731-070-0295.

- Finalization of Priority Project Candidates
- Further Screening of Priority Project Candidates, as needed
- Selection of Initial Candidate(s)
- Approval by the Director
- Approval by the OTC
- Solicitation Process
 - Development of RFI (as appropriate, the RFI process could also occur at an earlier stage as part of the screening of project candidates)
 - Review of RFI Submissions, if any
 - Development of RFQ (pre-qualification documents) or RFQ/RFP including Evaluation Process, Solicitation List
 - If Conceptual Project the solicitation could be an RFP that includes Pre-Development work. If a two-step process is used then additional steps may include Conceptual Proposal Submission/Review and/or Pre-Development Agreement prior to a Detailed Proposal.
 - Prior to release of RFP, Development of baseline contract terms and conditions
 - Review of Submissions
 - As part of the Evaluation Process, Local Consultation process as defined under OAR 731-070-0295

1.2 Project Screening – Solicited Projects

A screening process and associated evaluation criteria are an essential initial step toward identifying transportation projects which would be solicited for private sector participation under the Oregon Innovative Partnerships Program. Once Projects are selected as candidates for the Solicited Process, it is expected that the Director will issue a Suspension order (OAR 731-070-0320) making them ineligible for submission as an Unsolicited Proposal. The Project Screening Criteria described herein are to be used internally within ODOT to identify these candidate projects. An initial round of screening will occur with a proposed set of projects, reviewed with appropriate parties and taken to the Oregon Transportation Commission (“OTC”). Subsequently, the same process can be used to add or remove projects from the Solicitation List.

In order for projects to be processed through the Solicitation screening they are required to have an ODOT project sponsor to take them through the process. If an outside party wishes to nominate a project for the screening process they must obtain an appropriate ODOT project sponsor based upon the type and location of project.

At any time during the screening process the Director may invoke the provisions of OAR 731-070-0320 and suspend the “receipt and consideration of ... [any] class, category or description of unsolicited proposals by issuing a written order that declares the suspension, describes the proposals suspended and specifies the term of the suspension or that it will continue until recalled.

Purpose

The screening process has been developed to assure that some key elements are addressed:

- Transparency – The need to maintain a transparent OIPP process was a key recommendation of the ODOT Innovative Finance Advisory Committee (IFAC) and a component of all subsequent ODOT discussion of the program. Institutionalizing the screening process provides ODOT first the opportunity to solicit public comment. The process will provide written documentation of project attributes and the decision process.
- Analytical Consistency – Forcing candidate projects to all meet the same minimum requirements and to be considered against adopted criteria provides the “level playing field” and also helps to ensure against misjudgments or errors of fact.
- Project Vetting – The screening process also is intended to foster internal ODOT/OTC discussion over the risks and merits of candidate projects. It will provide an up front forum to address key items such as funding sources and local support.

1.2.1 Project Screening Background Issues

The screening for potential projects to be solicited must simultaneously deal with a number of issues. The first is meeting the requirements of the ORS 367.880 through 367.826 and the associated Administrative Rules as to what constitutes appropriate projects for the Oregon Innovative Partnerships Program. The second is selecting projects where the private sector is willing to provide innovative responses to a Solicitation. The third is assuring that the projects selected have a reasonable likelihood of success and that true benefit is derived from prosecuting them as a public-private partnership as opposed to a traditional approach. Identified below is an outline for the development of an initial screening process and draft criteria for preliminary review.

1.2.2 Screening Process

The objective of the screening process is to review, based on a set of criteria, a list of potential projects that are potentially conducive to a public/private venture. The selection of projects for solicitation is not intended to limit the ability to tap into private creativity and innovation, but identify those projects that the OIPP wishes to initiate on a Solicited rather than Unsolicited basis. The Solicitations are intended to be approached in a way that maximizes options and encourages both participation and innovation from the private sector participants. The project selection process will give the OIPP the opportunity to identify criteria that are of greater value or importance to the Department or establish a greater likelihood of immediate procurement success and thus establish a process focused on meeting the goals for the program.

Due to the fact that the projects developed by the OIPP can be in multiple modes, the screening process will be carried out by a variety of committees. The

input of the various committees will be combined to produce a combined solicitation list. The screening criteria and other processes have been developed in a manner that will allow for their application to all modes.

1.2.3 Project Identification

Each Region (for Highways) and each Modal Administrator will recommend projects for inclusion in the defined screening process described below. In order to facilitate the screening process, the relevant information on recommended projects (qualitative and quantitative) will be forwarded for the Screening Committee by an internal Project Sponsor. The required information will be those items necessary to answer the Mandatory screening elements described below.

For each project, the Project Sponsor must complete a Project Information Summary. This should include:

- Project Description and general scope
- Contact Information
- Specific identification of the Problem to be solved
- Cost Estimates
- Financial Description including estimated funding available, commitments in place and expected
- Readiness – what work has been done to date and what still remains to be completed
- Description of potential private sector involvement and how risk sharing may occur between the private and public sectors and/or between ODOT and other public entities

1.2.4 Screening Committee Membership

1.2.4.1 Highway Projects

Committee Members: Regional Managers (5), Deputy Director for Highways, Office of Innovative Partnerships Manager, Geo/Hydro Environmental Section Manager, and Deputy Director for Transportation Development plus the Project Sponsor if they are not already a Committee Member. A majority of the Committee members shall constitute a quorum.

Technical Experts: Director, Office of Innovative Partnership staff, Statewide Project Delivery Manager, Planning Managers (5), Highway Finance Office Manager, Chief Financial Officer, Statewide Maintenance Manager, and Purchasing and Contracting Manager.

1.2.4.2 Other Modes

For each mode the Committee shall consist of the following members:

Appropriate Division Administrator, Regional Managers (5), Chief of Staff, Innovative Partnerships Manager (or designee), and Deputy Director for Transportation Development plus the option for the Project Sponsor if they are not already a Committee Member. A majority of the Committee members shall constitute a quorum.

Technical Experts: Director, Office of Innovative Partnership staff, Highway Finance Office Manager, Chief Financial Officer, and such experts as shall be determined necessary by the OIPU staff.

1.2.4.3 Combination Projects

If a project includes both highway and non-highway the Committee membership shall be the Highway Committee membership plus the appropriate Division Administrator and the Chief of Staff.

1.2.5 Mandatory Screening Criteria

For the selected criteria, the concept is to assign a ranking of High, Medium or Low) as an indication as to how well a project meets each of the criteria. For each project, a ranking will be assigned for each of the Mandatory Screening Criteria based on the information available. For each Project a 'Project Sponsor' will gather information and review with the Committee the project attributes and answer questions of the Committee. A Project Information Form will be completed by each Project Sponsor and provided to the Committee prior to convening the initial review session, The Screening Committee will jointly decide how they will conduct the review process to achieve consensus. The Committee will also bring such information and experts to this process as are necessary to complete the evaluation. The information gathering process may include the issuance of the RFI as described in 2.2.7.3 or a public forum such as an Industry Meeting.

For each project, the Committee will then jointly assign a ranking for each Mandatory element (see description of Mandatory Screening Criteria below). This information will be used in the further assessment described under 2.2.6. It is recognized that this is a high level screening and must be conducted based on the information available and the knowledge of the individuals participating. This screening is expected to be more heavily oriented to Qualitative than Quantitative analysis due to the level of information which is likely to be available at this early stage. For each project an Evaluation Summary Matrix will be prepared with a ranking and a short evaluation statement for each element described below.

The Committee has the option to assess these projects or determine that there is insufficient information to complete the evaluation. If the Committee determines that there is insufficient information for a decision, they may choose to either (1) defer the project for evaluation in a subsequent round or (2) defer the selection process for additional information.

1.2.5.1 Transportation Need. Does this project address an important transportation need that is not readily addressable by ODOT traditional approaches? From a need standpoint it would include assessing the potential for a positive impact on congestion or access, improving unsafe conditions and/or creating an economic stimulus. They could be projects that improve ODOT operations, freight movement, or the use of existing resources. Improvements may occur on newly proposed alignments or have a positive impact on existing facilities. However, these assessments must be made in the context of why they are best prosecuted as an OIPP project versus other methods within ODOT.

Scoring:

High – Urgent to meet critical or important needs or provide substantial new resources.

Medium – Consistent with statewide and regional plans.

Low – Unnecessary, low plan priority.

1.2.5.2 Leveraging New Revenue. Whether it is a toll road, other user fees, approaches such as tax increment dedications, or other local contributions, what is the ability of the project under consideration to attract or generate a substantial contribution of non-state or non-tax resources that would not otherwise be available for an ODOT project? Will the financial plan result in a high ratio of benefits to the public versus the private partners return on investment? Also, the evaluation must consider to what extent ODOT funding will be required to complete the project and are those funds likely to be available when needed.

Scoring:

High – Substantial non-state resources are likely.

Low – Little or no non-state resources are likely.

1.2.5.3 Project Feasibility. This evaluation would determine the viability of the proposed financial plan and its feasible implementation. Cost estimates, revenue and general financial structures are examples of elements included in the assessment of the financial viability of a project. This will include an analysis of the ODOT resources required to move the project forward including both money and personnel. Another critical factor in feasibility for this process is determining if the project is one where private sector participation in the development can add value and will it attract private sector interest.

Scoring:

High – High likelihood that entire funding package can be assembled including necessary state funds and personnel. Project appears to

have the right combination of elements to obtain private-sector participation.

Low – Unknown ODOT funds and FTE. Unlikely that full funding package can be assembled.

1.2.5.4 Reduced Project Delivery Time/Enhance ODOT Operations. Does this project have the potential to address a transportation need in a manner that will materially advance the project delivery time-frame in light of current or anticipated levels of funding and existing transportation plans? Does the project improve efficiency and productivity of ODOT operations to deliver projects? Does the use of the Innovative Partnership process have the potential to enhance the ability to deliver this result? Is there a potential for the use of innovative construction approaches that will result in shorter build time, reduced construction cost or improved function in comparison to conventional approaches? Whether accelerating an existing or proposed improvement, will the project contribute toward regional and modal balance?

Scoring:

High – No fatal obstacles are seen in the project. It appears that a material reduction in total delivery time (from this point forward) is possible. It appears possible to have cost reductions.

Low – Fatal obstacles are identified. It does not appear that an improvement in delivery time is achievable.

1.2.5.5 Public (Local/ODOT/Political) Support. These criteria will be partially addressed by considering the level of consistency with statewide and regional plans, but also takes into consideration issues such as “Is there is a local sponsor or champion for the project?” or “Is there organized opposition to the project that is likely to materially extend the development timeline and/or costs?”. Although the screen will likely take place before an environmental document is in place, this factor needs to include a high level assessment of the impact of natural and physical features on adjoining neighborhoods and habitats.

Scoring:

High – Evidence of high state & local support, no material concerns.

An example would be inclusion on formal approvals such as Adopted EIS, STIP but this is not the only acceptable evidence.

Medium – Both opposition & support at equal levels or neutral.

Unresolved issues but reasonable possibility resolutions could be reached.

Low – Substantial opposition. No formal approvals. Possibility of resolution unlikely or lengthy.

1.2.6 Project Screening Recommendation

Once the project evaluations have been completed and the Evaluation Summary Matrix prepared as described in 2.2.5, the Committee will jointly determine an overall ranking for each project (High, Medium, Low) as it relates to being viable as an OIPP project for Solicitation. The Committee will then reach consensus on a recommended status for each of the projects under review. This will include a recommended list of Projects that should move onto Director and the OTC for approval to include in a formal request for Proposals (RFP).

For those that do not move forward, there are two status options (1) "Evaluation Deferred for Additional Information" or (2) "Do Not Currently Meet OIPP Criteria." Projects would potentially be eligible for reconsideration as the Solicitation List is periodically updated and the Committee reconvened. These status assignments will be based on an overall assessment of the Committee and will not be calculated solely based on the rankings from the Evaluation Summary Matrix.

1.2.6.1 Conceptual Project Meeting

These initial meetings are expected to be informational including local staff and elected officials, led by the OIPU and the Project Sponsor. In the case where extensive interaction has previously occurred on the concept of pursuing the project as a Partnership, additional meetings may not be required at this stage. In the case where the meetings shall be held, they may occur either before or after Additional Evaluation steps described in 2.2.7.2 have occurred.

1.2.6.2 Request for Information/Interest; Industry Meeting

As an additional evaluation tool, some projects may lend themselves to preparing a Request for Information and/or Interest (RFI). This can be an effective technique to determine if there is sufficient interest to move a project forward within the OIPP framework and assess under what type of conditions the project will be of interest. A similar approach could be to conduct an Industry Meeting. In order to encourage participation, the RFI could be the first step in the solicitation process and the responders are the list of firms that receive the next step of the solicitation (which may be a Request for Qualifications (RFQ) or Request for Proposal (RFP)). As described above, the Director can suspend any of these projects at any time during the process.

1.2.7 Documentation and Plan of Action

After the screening process is complete for all projects and all modes, documentation will be gathered by the OIPU summarizing the evaluations to date for presentation to the Director. Synergies among projects from various Committees will be assessed by the OIPU. The documentation will include a project summary sheet and a package of relevant information used in the screening process. The OIPU, in consultation with the Screening Committees, will include in this package a recommendation of the next steps to be taken. These may include:

- Issue a Request for Information and/or Interest (if not already completed)
- Hold Workshop with potential Proposers
- Issue a Request for Qualifications
- Issue a Request for Proposals (Preliminary Local Consultation Process – See 2.2.8)
- Proceed with preliminary development work to obtain critical approvals for the project (which could include environmental work)
- More Information/Analysis Needed
- External Decision Needed

1.2.8 Preliminary Local Consultation Prior to RFP Recommendation

Prior to submitting a project to the Director with a recommendation to be submitted to the OTC for approval to issue a Request for Proposals, it is expected that a preliminary consultation will have taken place with the appropriate local officials/stakeholders.

This Local Consultation does not take the place of the OAR 731-070-0295 process that will be conducted as part of the Evaluation process. This process may include meetings with staff and elected officials of impacted jurisdictions, the Metropolitan Planning Organization staff, METRO, ACTs, etc.

1.2.9 Director Action

Once the documentation is complete and the necessary Preliminary Local Consultations have been conducted, the documentation packages will be prepared and the OIPU will review the Recommendations with the Director. The Director will either approve the Recommendations or make modifications he deems necessary. Once a Recommended Solicitation List is approved by the Director the form of Suspension Notice will be prepared according to 731-070-0320 that will include all Projects on the Recommended Suspension List. This will be the official notification that these Projects are no longer eligible for Unsolicited Proposals. This Suspension Notice will be issued either before or after OTC Action depending on the sensitivity of projects. If the projects sent to the OTC are not approved, they could be subsequently removed.

1.2.10 OTC Action

For those Projects where the Director has approved a status that recommends a Request for Proposal, a package of summary information will be prepared for the OTC along with a Recommended Resolution.

Screening Process
to be used prior to solicitation for highway projects

Screening Committee Membership for Highway Projects: Nine voting members and 12 advisory members

Voting members: Regional Managers (5), Deputy Director for Highways, Office of Innovative Partnerships Manager, State Highway Engineer, and Deputy Director for Transportation Development

Advisory members: Director, Office of Innovative Partnership staff, Statewide Project Delivery Manager, Planning Managers (5), Highway Finance Manager, Chief Financial Officer, Statewide Maintenance Manager, Central Services Deputy Director, and Geo/Hydro Environmental Section Manager.

Screening committee will recommend the project list to the Director.

Screening Criteria: Rank on 1-5 scale

Transportation Need

- 5 – Urgent to solve safety problems, reduce congestion, move freight mobility, access strategic industrial property.
- 3 – High Plan Priority.
- 1 – Unnecessary. Low plan priority.

Leveraging New Revenue

- 5 – Substantial non-state resources.
- 1 – Little or no non-state resources.

Project Feasibility

- 5 – Necessary state fund and FTE available. High likelihood that entire funding package can be assembled. Right combination of elements to obtain private-sector participation.
- 1 – Unknown ODOT funds and FTE. Unlikely that full funding package can be assembled.

Reduced Project Delivery Time & Cost

- 5 – No fatal obstacles. Material reduction in total delivery time (starting now). Possible to have cost reductions.
- 1 – Fatal obstacles. No improvement in delivery time available.

Public Support

- 5 – Evidence of high state & local support, no material concerns. Included on formal approvals such as Adopted EIS, STIP.
- 3 – Both opposition & support at equal levels or neutral. Unresolved issues but reasonable possibility resolutions could be reached.
- 1 – Substantial opposition. No formal approvals. Possibility of resolution unlikely or lengthy.

Oregon Innovative Partnerships Program (OIPP)

Summary of 11/10/04 Screening Committee

The OIPP instituted a process over the summer and fall of 2004 to identify potential projects and solicit information about the potential, feasibility and financial considerations necessary for public-private partnerships. On 11/10/04, the Screening Committee met in accordance with the OIPP Operating Procedures to apply the published criteria and make recommendations to the Director and the Commission regarding which projects are the best candidates for early consideration under the OIPP.

Tualatin-Sherwood I-5/99W Connector – Washington and Clackamas Counties

Consensus Rating

Transportation Need	High
Leverages New Revenues	Med-Hi
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Med/Hi
Public Support	Medium

Summary of Comments

- May be a good candidate for an Innovative Partnership project.
- Could be advantages to bringing a private partner in early on a pre-development agreement so that EIS process can enable a public-private partnership.
- Need more certainty in alignment and environmental issues including wetland mitigation.
- RFP probably two years out
- Early determination on Arterial or Freeway configuration

Recommended Status

Continue to develop Tualatin-Sherwood as a possible OIPP and work with local entities to ensure the EIS process does not hinder its potential.

I-5 Myrtle Creek Curves (Douglas Co.)

Consensus Rating

Transportation Need	High
Leverages New Revenues	Low
Project Feasibility	High
Reduces Timeline/Enhance Ops.	High
Public Support	High

Summary of Comments

- The committee voiced some concern over this being a good OIPP candidate.

- Perception that the funding gap (\$6 million) could be accomplished internally.
- Not clear that "Use of right-of-way proceeds and value of rock/fill assumptions are valid.
- More research needed on the public financing timeline vs. Private financing timeline.

Recommended Status

The committee asks that Region 3 coordinate with Highway Finance, Tech Services and the OIPP to resolve the financing issue. Committee reserves the right of reconsideration when more information is provided.

Maintenance Facilities (various, Statewide)

Consensus Rating

Transportation Need	High
Leverages New Revenues	High
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	High
Public Support	High

Summary of Comments

- Both internal and external comments indicate that the concept has great potential for public/private partnership.
- Need to get much more specific regarding each individual property and the performance of each facility.
- Further legal analysis of barriers to pursuing this option (e.g., must the property still be offered to other public jurisdictions first; will the Dept.'s proposed bill, LC-411, fully allow this activity)
- Committee encourages an "enterprise-wide" review including opportunities for co-location and inter-jurisdictional transfers.
- Concerns about site contamination and Brownfields.

Recommended Status

Facilities (Brian Bischoff) in cooperation with Maintenance Leadership (Doug Tindall) should develop criteria on which real properties have the greatest potential under this program. Regions can apply these criteria to nominate a list for inclusion in an upcoming "Call for Projects" RFP. Meanwhile, OIPP can take the concept to the Commission for approval to solicit when the list is identified.

South I-205 Corridor Improvements: I-5 to OR 213S (Clackamas County)

Consensus Rating

Transportation Need	High
Leverages New Revenues	Med-Hi
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Med-Hi
Public Support	Medium

Summary of Comments

- May be a good candidate for an Innovative Partnership project.
- Should be part of larger "system" consideration
- Reg. 1 to initiate a "strategic investment strategy" shortly that will put this out 1.5 years

Recommended Status

Continue to develop South I-205d as a possible OIPP.

Sunrise Project, I-205 – Rock Creek Junction (Clackamas Co.)

Consensus Rating

Transportation Need	High
Leverages New Revenues	Med-Hi
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Med-Hi
Public Support	Medium+

Summary of Comments

- Could benefit from early private participation in development of finance plan
- Look at early implementation of taxing district and transportation development fees to pay for needed future infrastructure.
- Opportunities for local value, environmental streamlining, Damascus planning unit

Recommended Status

Good candidate for OIPP. Recommend to OTC for RFP in early '05 for pre-development work on a financing plan for the project.

Newberg-Dundee Transportation Improvement Project (NDTIP) Yamhill Co.

Consensus Rating

Transportation Need	High
Leverages New Revenues	High
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Med-Hi
Public Support	High

Summary of Comments

- Largest number of private responses to Request for Information
- Too much uncertainty to proceed with RFP until land use appeals complete (Summer '05)
- Be sure RFP conforms with OTC priorities such as Interchange Area Management Plans
- Private developer could creatively tap a number of potential revenue sources.

Recommended Status

Recommend to OTC for RFP after land use appeals are completed in '05 for pre-development work on a financing plan for the project.

Rivergate Railroad Bottleneck (Multnomah Co.)

Consensus Rating

Transportation Need	High
Leverages New Revenues	Med-Hi
Project Feasibility	Med-Hi
Reduces Timeline/Enhance Ops.	High
Public Support	Medium

Summary of Comments

- RFI identified private sector interest in exploring project as a public/ private partnership.
- Need to identify which specific projects in the *Rail Capacity Study* are the best candidates for pursuing under the OIPP
- Possible revenue streams include usage charges on a per/unit basis similar to Alameda Corridor project in California, shippers, short-lines, "Connect Oregon".
- Use Oregon Rail User League and ODOT Rail Division as conveners to pull together all the entities.

Recommended Status

Screening committee believes this is a good candidate for the OIPP because of the broad base of support across a range of constituencies. ODOT Rail can take a leadership role to help identify what projects make the most sense to move forward on. Suggest inviting the architects of the Alameda Project to present some of experience and lessons learned to see if they could be applied in Oregon.

Widening Highway 97 to Four-Lanes: Lava Butte – Wickiup Junction (Deschutes County)

Consensus Rating

Transportation Need	Med-Hi
Leverages New Revenues	Low
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Medium+
Public Support	Med-Hi

Summary of Comments

- Response to RFI indicated that the project was not large enough to justify the up-front development costs for a public/private venture.
- Lack of identifiable local value to bring into project.

Recommended Status

Not suitable for OIPP.

OR 62: Phase II Units 2 and 3 (Medford/Jackson County)

Consensus Rating

Transportation Need	High
Leverages New Revenues	Low-med
Project Feasibility	Medium
Reduces Timeline/Enhance Ops.	Med-Hi
Public Support	High

Summary of Comments

- As a stand-alone project it is probably not financially viable for a PPP.
- One private firm suggested the possibility of forming a highway-district taxing entity to pay for improvements.
- Possibility of bringing in City of Medford and Jackson County on a local consortium of some kind.

Recommended Status

Needs further study. Region should explore the appropriate political pathways to generate local value in project beyond tolling.

Telecommunications to Support ITS

Consensus Rating

Transportation Need	
Leverages New Revenues	
Project Feasibility	
Reduces Timeline/Enhance Ops.	
Public Support	

Summary of Comments

- Project was not scored. Appears to be too nebulous at this point.
- Need to know more about potential opportunities and barriers such as DAS rules, FCC regulations, non-compete legislation, etc.
- Inventory what other states are doing and explore revenue possibilities for Oregon.

Recommended Status

Not enough information to recommend for further action. The committee encourages project sponsors to further develop the concept and define discreet project(s) that capitalize on opportunities and assets of the Department.

Highway 217 – Washington County

Consensus Rating

Transportation Need	High
Leverages New Revenues	Medium

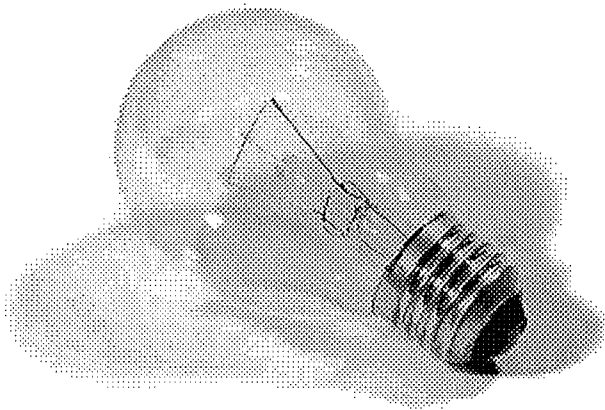
Project Feasibility	Low-medium
Reduces Timeline/Enhance Ops.	Med-Hi
Public Support	Medium-

Summary of Comments

- Private responses indicate potential for PPP with emphasis on HOT lanes or ramp meters.
- May want to tie into larger analysis of tolling in the metro region as a “system”.
- Metro region must make some tough policy decisions regarding tolling.

Recommended Status

Hold for further study – need more information on local consensus relating to tolling policy issues.



OIPP Screening Committee

For highway projects:

Screening Committee Members

ODOT Region Managers (or designees)
Deputy Director for Highway Division
OIPP Manager
Environmental Section Manager
Deputy Director for TDD
Project Sponsor (if not already a committee member)

Technical Resources Experts

OIPP staff
Statewide Project Delivery Manager
Region Planning Managers (5)
Highway Finance Office Manager
Statewide Maintenance Manager
Chief Financial Officer
Others deemed necessary by Screening Committee

For Non-Highway & Other Modes:

Screening Committee Members

Appropriate Division Administrator
ODOT Region Managers (or designees)
ODOT Chief of Staff
OIPP Manager (or designee)
Deputy Director for TDD
Project Sponsor (if not already a committee member)

Technical Resources Experts

OIPP staff
Highway Finance Office Manager
Chief Financial Officer
Others deemed necessary by Screening Committee

OIPP Screening Committee Agenda

Wednesday, November 10, 2004

Conf. Rm. 123, T-Bldg.

8:00 – 8:30	Orientation and Instructions	Jim Whitty and Pamela Bailey-Campbell (Carter-Burgess)
8:30 – 9:10	Tualatin-Sherwood	Highway Screening Committee Project sponsors
9:10 – 9:50	Myrtle Creek Curves	Highway Screening Committee Project sponsors
9:50 – 10:30	I-205 (I-5 to Hwy 213)	Highway Screening Committee Project sponsors
10:30 – 11:10	I-205 (Sunrise Project)	Highway Screening Committee Project sponsors
11:10 – Noon	Newberg-Dundee	Highway Screening Committee Project sponsors
Noon – 1:00	Lunch Break	
1:00 – 1:40	Hwy 97	Highway Screening Committee Project sponsors
1:40 – 2:20	Hwy 62	Highway Screening Committee Project sponsors
2:20 – 3:00	Hwy 217	Highway Screening Committee Project sponsors
3:00 – 3:40	Maintenance Facilities	Expanded Screening Committee Project sponsors
3:40 – 4:20	Rivergate Rail Project	Expanded Screening Committee Project sponsors
4:20 – 5:00	Telecommunications	Expanded Screening Committee Project sponsors

PROJECT SOLICITATION

1.Process

Description

The procedures now being considered for the OIPP would establish a screening process for determining which projects warrant solicitation by the OIPU. The process has three steps leading to the preparation of the solicitation documentation. First, a relatively short list of candidate projects is compiled and considered in terms of readiness, consistency with OTC policies and investment priorities and potential political liabilities.

Some projects are assumed to advance to the second step where they are organized into the form they would take for solicitation in order for final evaluation. This would involve developing a final project scope, schedule and cost estimates, "null hypotheses" against which received proposals will be compared, a financing plan for ODOT's contribution, an estimate of revenue generating capacity and a political risk assessment.

Debate over these issues would lead to the third step, the Director's recommendation and OTC approval.

Rationale

The screening process has been developed in this way for several reasons:

- Transparency – The need to maintain a transparent OIPP process was a key recommendation of the IFAC and a component of all subsequent ODOT discussion of the program. Institutionalizing the screening process provides ODOT first the opportunity to solicit public comment. We should expect some interest from local government and others about the way projects are chosen for inclusion in the initial list. The process as organized also will provide written documentation of project attributes and the decision process, key to a transparent program.
- Analytical Consistency – Forcing candidate projects to meet minimum requirements of description, status, risk etc., and to be considered against adopted criteria provides the "level playing field" needed for a defensible program but also helps to ensure against misjudgments or errors of fact. The types of projects we shall consider may pose significant problems. They break new ground on leveraging private and local government funds. There is no known business sector willing to undertake projects with such unknown risk and profit potential. Last, public and legislative reactions are untested. The OIPU work plan in combination with the screening process is intended to explore and reduce ODOT's exposure to these risks.
- Project Vetting – The screening process also is intended to foster internal ODOT/OTC discussion over the risks and merits of candidate projects. Given ODOT's current

financial status, selection of any project for solicitation may engender significant opportunity costs. What funding source was used to finance ODOT's contribution? Do affected recipient jurisdictions agree? By funding a project of a certain type create a precedent for other projects? What is ODOT's response? How does the OIPP fit into ODOT's future funding and legislative strategies? Failure to discuss such matters sufficiently with the OTC and appropriate staff increases the likelihood of poor decisions. The size of the projects envisioned for this program implies broad consequences to any decision.

Factors

Solicited projects should have a high likelihood of success in the broadest sense (e.g., legislative and local government support for ODOT programs and legislative proposals). Failure never reflects well on an agency.

The keys for success project solicitations are:

- A. **Project Delivery** – A project must have a high likelihood of speedy construction. The primary benefits of the project will be accelerated benefit streams. Prompt delivery is also critical to the project's leveraging potential. Further, the much lower profit potential for smaller projects will limit private sector tolerance for controversy or protracted delay.
- B. **Financial Capacity** - ODOT must resolve all issues surrounding its contribution prior to solicitation. To renege on an otherwise reasonable proposal because of a lack of state funds would expose the Department to sharp and justified criticism. It may even be prudent to be ready to construct the first OIPP project at 100% ODOT funding via design/build if no reasonable proposal is received, depending on political circumstances.
- C. **Likely Private Partners** – ODOT should assure itself of the likelihood of responses to its solicitations. If no responses are received, we still can expect private sector comment as to why this was the case, which will raise the question of why the agency did not anticipate and address these issues. The OIPU work plan includes this research and outreach; it should not be short-circuited. (In fact, the IFAC report and the OIPU work plan call for pre qualifying candidate firms).
- D. **Leverage Capacity** – If “substantial” private and/or local government funds are not leveraged for OIPU projects, there is little reason to proceed with the smaller projects. Design/build methods can deliver projects as quickly. Insignificant local contributions triggering large ODOT contributions and advanced construction merely undermines the STIP process and will generate local government and, ultimately, legislative criticism. Therefore, projects need to be appraised as to their leveraging potential, which relates back to factors A and B above.
- E. **Local Government Buy-in** – The creation of the ACTs coupled with the need for local government support for future funding packages, suggest some level of local outreach and support prior to any solicitation.



VMT Fee Program 2.0: Oregon's New Vision for an Open Collection System





Fundamentals of VMT Fees

Six Things A Mileage Charging System Must Do

1. Calculate miles driven
2. Access mileage data
3. Apply mileage charging rates
4. Provide a billing
5. Collect payment
6. Enforce payment



$$[300 \text{ miles} \times 1.2 \text{ cents} = \$3.60]$$

Invoice

Bill To: P.O. Smith, 1234 Main St, New York, NY 11111, US

Ship To: Terence Jones, 1234 Main St, Oak Town, WI 22222, US

Quantity	Item Code	Description	Unit Price	Quantity	Unit Price	Total
1	Hardware/Door...	Door knobs Std	30.00	30.00	Tax	
1	Hardware/Door...	Door hinges	1.00	6.00	Tax	
1	Wood/Door/Win...	Entror	120.00	120.00	Tax	
1	Wood/Door/Win...	Interse	72.00	144.00	Tax	
1	Hardware/L.Ce...	Lk Doorlocks	38.00	76.00	Tax	
	12345	Coupon Discoun	-37.60	-37.60	Tax	
	Shipping	Ground Parcel Shipping	10.00	10.00	Non	
			Tax @ 0.4%	23.30		
			Total	368.70		





Fundamentals: Policy Issues for VMT Fees

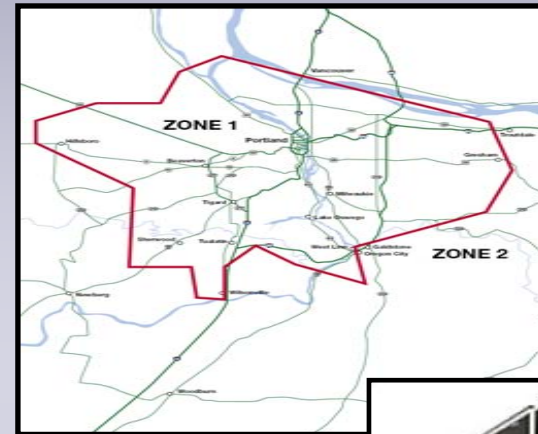
- Replace gas tax & provide credit
- Covering all motorists
- Charging out-of-state mileage
- Ease of use
- Protecting motorist privacy
- Capital costs
- Relative operating costs
- Enforceability
- System reliability
- Seamless transition
- Extent of burden on private sector
- Local option
- Congestion pricing
- Environmental pricing





Fundamentals: Technology Issues for VMT Fees

- Create geographic and temporal zones and/or identify specific roadways
- Central server/computer connected with databases
- *Closed system versus open system*
 - Technology platform
 - Operating system
 - Data transfer
 - Invoicing and payment
 - On-vehicle device: pre or post market





Basic VMT Data and Fee Collection System Options



Central Billing

- + Covers all vehicles
- High operational & enforcement costs

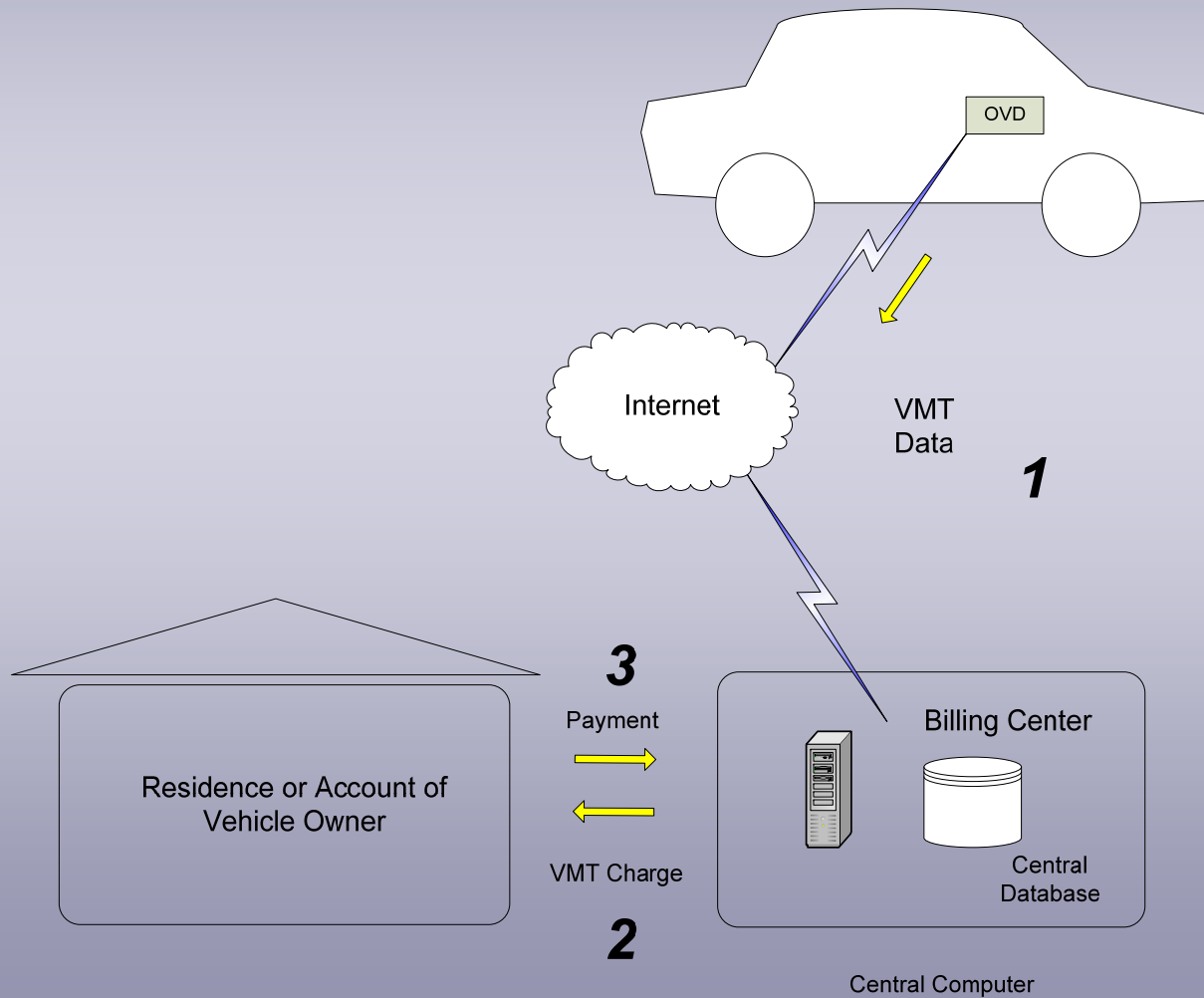


Pay-at-the-pump

- + Inexpensive to operate
- No electric vehicles

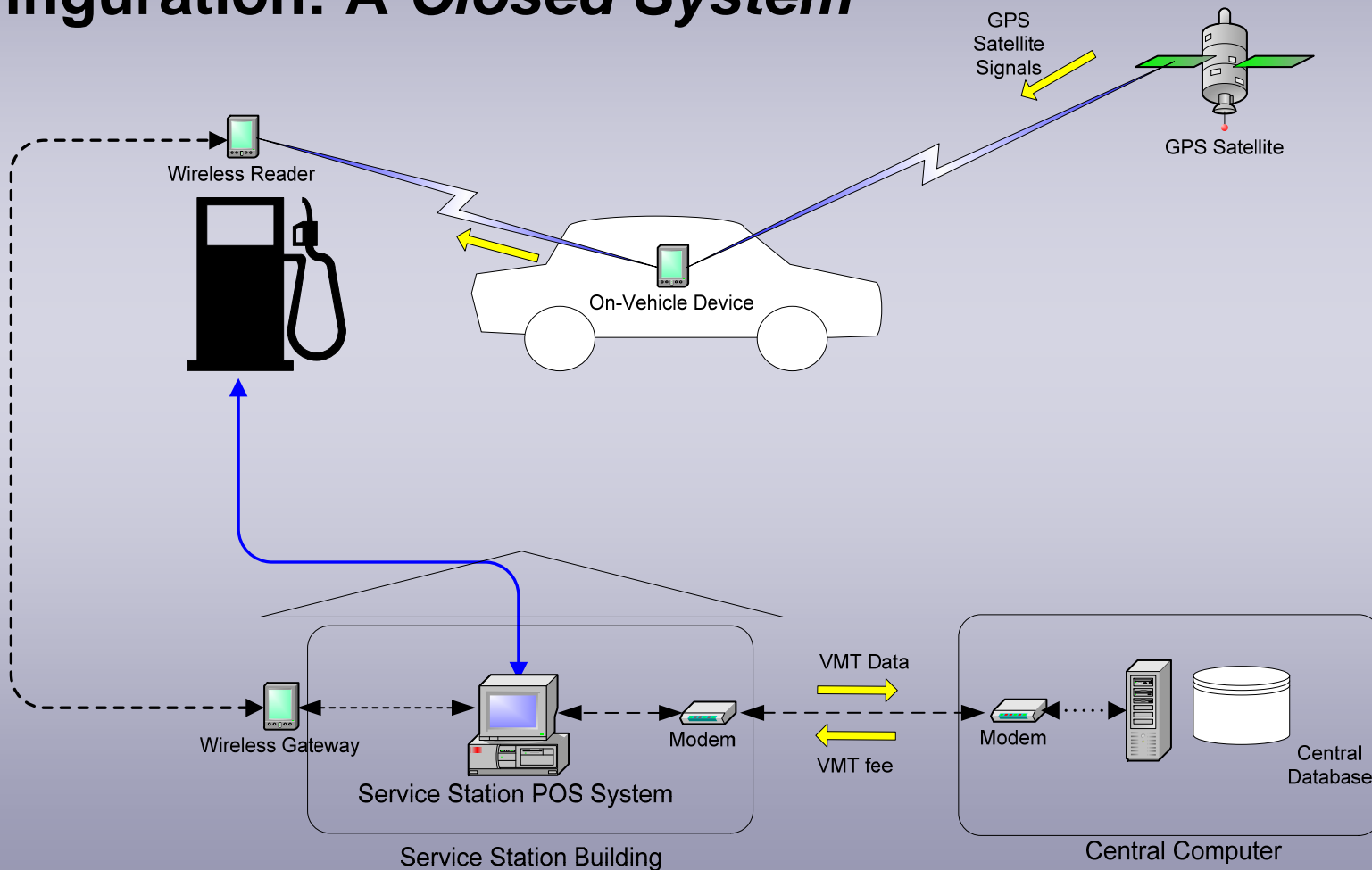


Central Billing





Oregon's Original Pay-at-the-Pump Technology Configuration: A Closed System

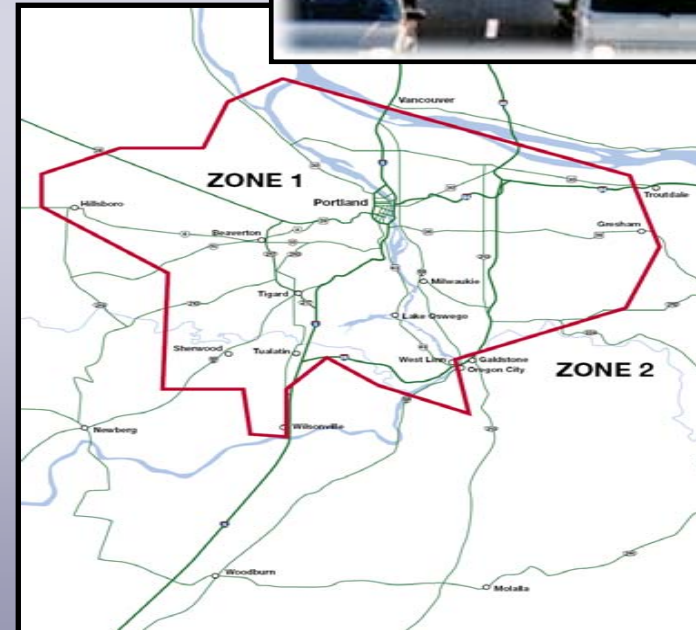




Oregon's Congestion Pricing Pilot Test

Area Pricing

- Identified temporal *rush hour* zone
 - 7 to 9 a.m.
 - 4 to 6 p.m.
 - On work days
- Higher rates during peak periods
 - 10 cents per mile for peak
 - 1.2 cents for regular travel





Assessing Oregon's Original Mileage Fee Concept

Pluses

- Meets Policy Directives
 - Charges only in-state travel
 - Provides gas tax credit
 - Cost effective
 - Protects motorist privacy
 - Enforceable
 - Reliable
 - Seamless transition
 - Burdens private sector minimally
 - Allows congestion pricing
- Successful One Year Pilot Demonstration

Minuses

- Long period for development and implementation
- Slow technology evolution
- Does *not* cover vehicles not visiting commercial fueling stations
- Public concerns about privacy and how system would work



Public Concerns

- Efficiency of system
- Confidence in system
- Privacy & fear of technology
- Imposition of a government mandated on-vehicle device
- Rate structure
- Rate equity
- Road pricing
- Perceptions of large bureaucracy
- Motorist class wars
- Flexibility a strength or a weakness?





Potential Solutions to Public Concerns

- Low collection costs
- Develop an open system for VMT fee collection
- Provide motorist choices and ease of use
- Rate structuring to meet public policy goals



Expanded VMT Data and Fee Collection System Options



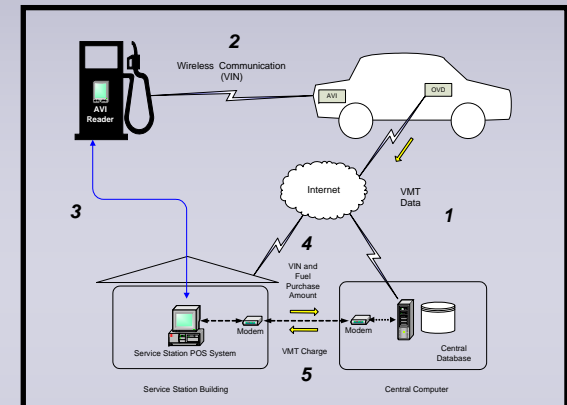
Central Billing

- + Covers all vehicles
- High operational & enforcement costs



Pay-at-the-pump

- + Inexpensive to operate
- No electric vehicles

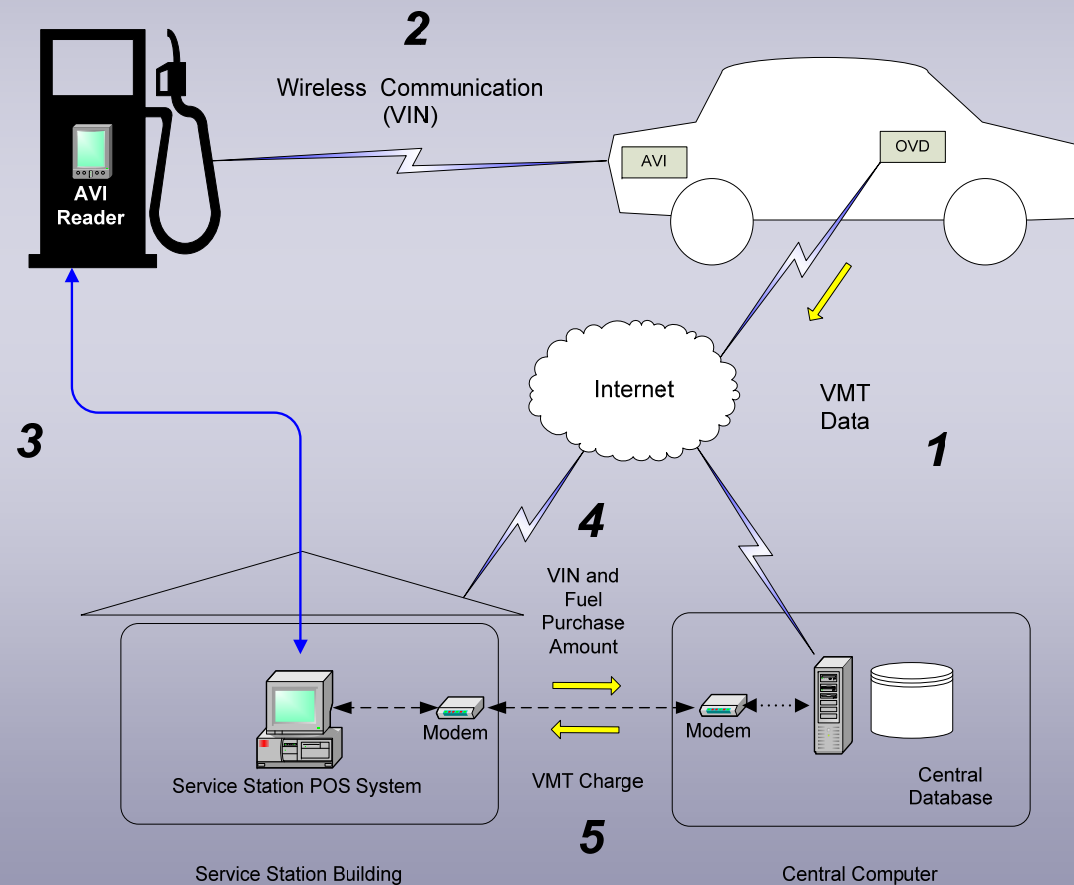


Integrated approach

- + Integrates best features
- + Evolves over time



Integrating Pay-at-the-Pump With Central Billing: *An Open System*





***An Open System* for VMT Fee Collection**

Open technology platform

- Meets standards
 - Accuracy of distance traveled data
 - Accuracy of sorting of mileage data
 - Form of mileage data sent to central computer
- Available operating system

Allows technology flexibility and evolution

- Options for data generation
- Options for zone delineation methods
- Options for data transfer
- Options for invoicing and payment
- Market-provided on-vehicle devices



Market-Provided On-Vehicle Devices

Meets government standards

- Data accuracy and form
- Vehicle identification
- Anti-tampering and enforcement protocols
- Certification

Motorist choice of on-vehicle device

- Various privacy protection capabilities
- Data generation and retention alternatives
- Precision alternatives

Elect mobile peer-to-peer exchange of vehicle data

Market-provided applications



VMT Fee Open System Options

Motorist Choice

- Various invoicing and payment options
 - Pay at the pump
 - Monthly billing
 - Automatic payment
- Various ways to obtain gas tax credit
 - Credit against fuel cost
 - Credit estimate against billing
- Allow choices to evolve over time



Item	Description	Unit Price	Quantity	Total
1	Hardware Coop... Doorlocks 2nd	30.00	1	30.00
6	Hardware Coop... Brass Hinges	1.00	6	6.00
1	Wood Door Sills - Exterior	130.00	1	130.00
2	Wood Door Sills - Interior	22.00	4	88.00
2	Hardware S.E.C. - 1/2" Door Knobs	38.00	1	38.00
12245	Oregon Discount	-37.60	1	-37.60
Shipping	Ground Parcel Shipping	10.00	1	10.00
Total				368.70





New Oregon Road User Fee Pilot Program: Testing an Open System

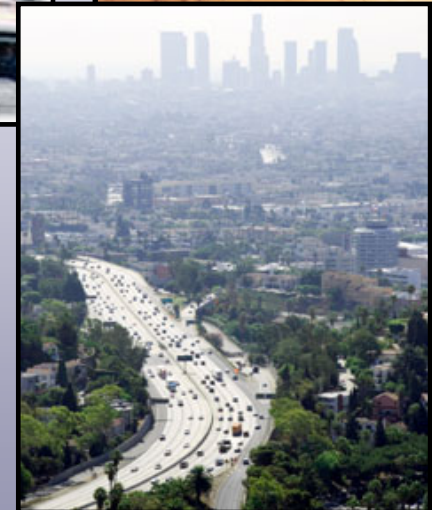
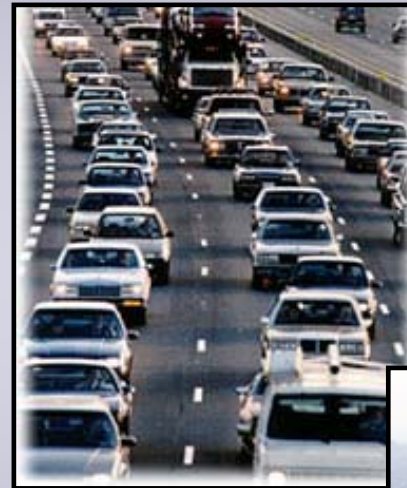


- 5,000 motorists in Portland metropolitan area
- VMT fee rates set by administrative rule
- Voluntary motorist participation by contract
- Motorist selects capability of on-vehicle device
- Motorist pays VMT fee in lieu of state gas tax
- Private sector develops, implements, operates
- A permanent pilot program?



Structuring VMT Fees To Address Policy Goals

- Sustainable funding for roads
- Congestion management
- Greenhouse gas reduction
- Energy independence
- Responsible cost allocation

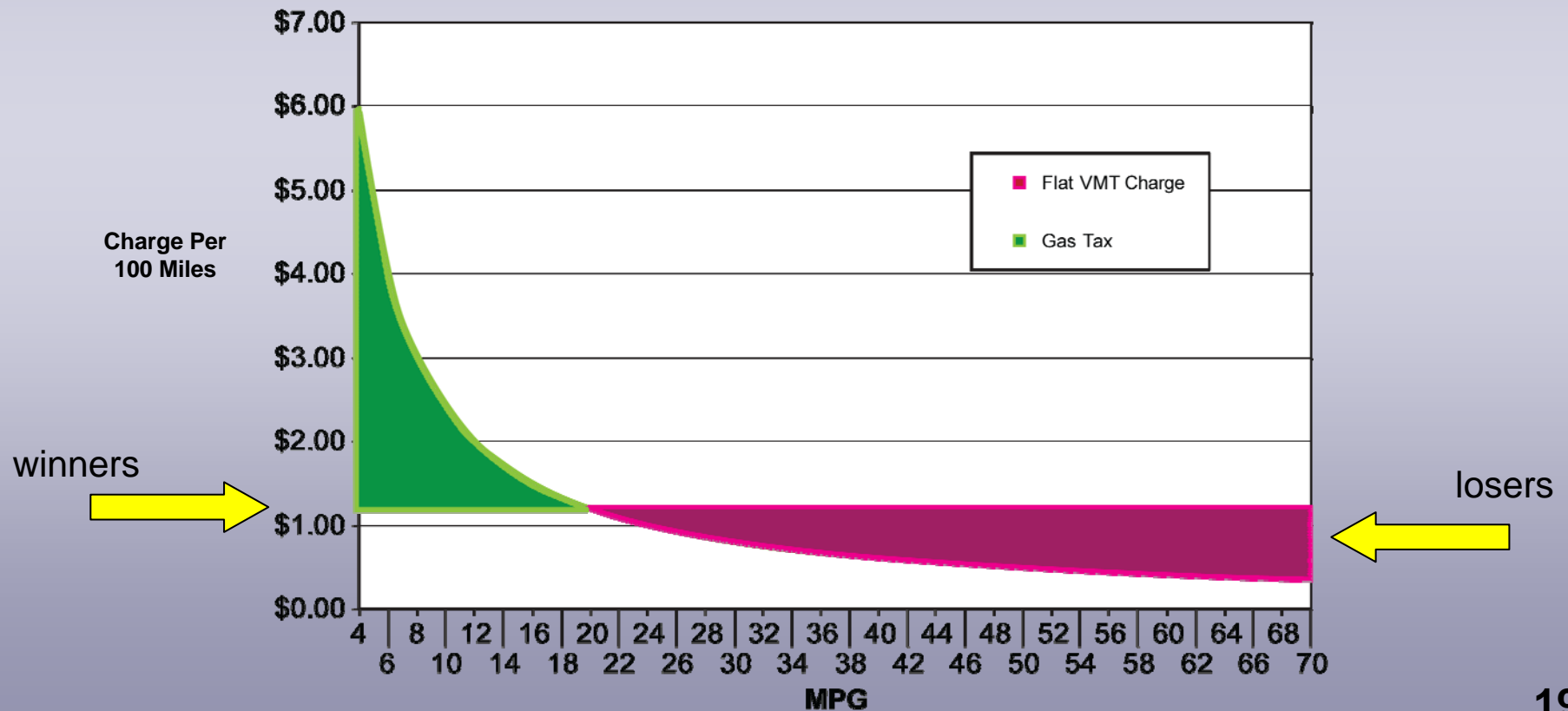




Mileage Fee Rate Structure

Consequences of a Flat Rate

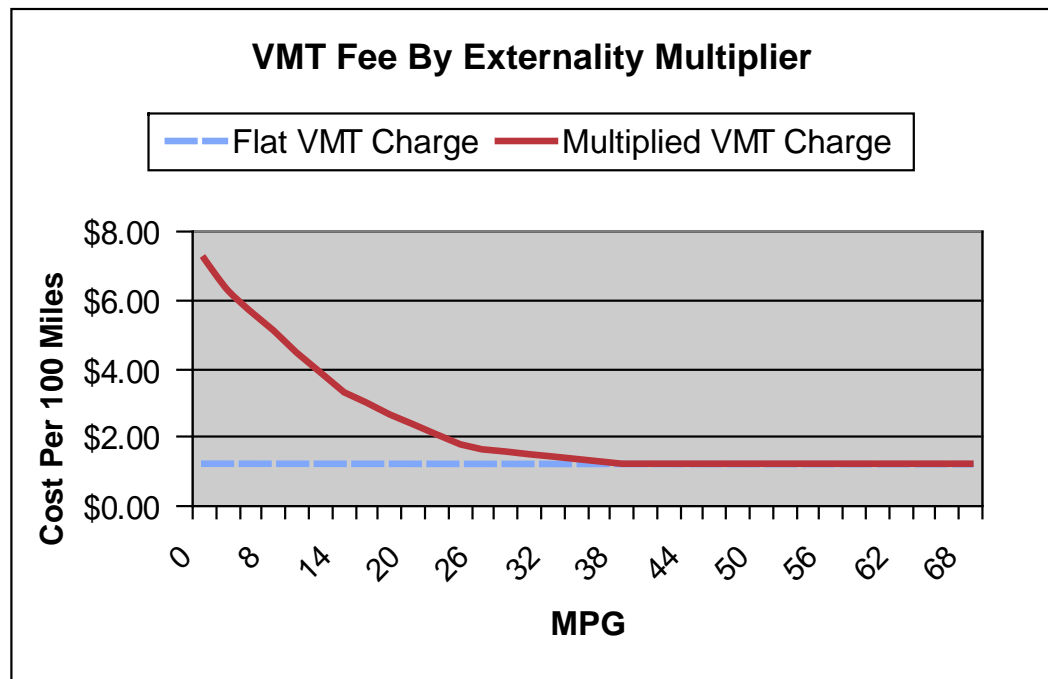
FLAT VMT CHARGE VS. FUEL TAX





Externality Multiplier

<u>MPG</u>	<u>Multiplier</u>
42+	1.0
34	1.2
26	1.5
22	2.0
18	2.5
15	3.0
10	4.0
6	6.0



Road User Fee Pilot Program Results Summary

BACKGROUND

The 2001 Oregon Legislature established the Road User Fee Task Force “to develop a design for revenue collection for Oregon’s roads and highways that will replace the current system for revenue collection.” After considering 28 different funding ideas, the task force recommended that the Oregon Department of Transportation (ODOT) conduct a pilot program to study two strategies called The Oregon Mileage Fee Concept: (1) the feasibility of replacing the gas tax with a mileage based fee collected at fueling stations and (2) the feasibility of using this system to collect congestion charges. ODOT launched a 12-month pilot program in April of 2006 designed to test the technological and administrative feasibility of this concept. The program included 285 volunteer vehicles, with 299 motorists, and two service stations in Portland.

KEY FINDINGS

The concept is viable.

The pilot program showed that, using existing technology in new ways, a mileage fee could be implemented to replace the gas tax as the principal revenue source for road funding. At the conclusion of the pilot program, 91 percent of pilot program participants said that they would agree to continue paying the mileage fee in lieu of the gas tax if the program were extended statewide.

Paying at the pump works.

The pilot program showed that the mileage fee could be paid at the pump, with minimal difference in process or administration for the motorist compared to how they pay the gas tax. Like the gas tax, collection of the mileage fee can be embedded within routine commercial transactions, with the bulk of it pre-paid by the distributor in the form of the gas tax. By including the mileage fee in the fuel bill, cash or credit payment are accommodated, just like the gas tax. Although many of the prototype components used in the pilot program did not, by definition, meet the standards of commercial products, the next stage of technology development would take the technology to commercial viability.

The mileage fee can be phased in.

The study showed that the mileage fee could be phased in gradually alongside the gas tax, allowing non-equipped vehicles to continue paying the gas tax, while equipped vehicles could pay the mileage fee. Retrofitting vehicles at this point appears expensive and difficult.

Integration with current systems can be achieved.

The study demonstrated the ability to integrate with two main existing systems: the service station point-of-sale (POS) system and the current system of gas tax collection by the state.

Congestion and other pricing options are viable.

The study showed that different pricing zones could be established electronically and the assigned fees could be charged for driving in each zone, even at particular times of day. This proves the mileage fee concept could support not only congestion pricing but also

assessment and collection of local revenues and other “zone-oriented” features. Furthermore, the area pricing strategy applied in the pilot program produced a 22 percent decline in driving during peak periods.

Privacy is protected.

Many levels of privacy protection can theoretically be implemented in a system similar to that used in the pilot program. There is a trade-off between privacy and information stored for enforcement, and dispute resolution. ODOT developed the system used in the pilot program with specific engineering requirements to maintain as much privacy as practicable while still allowing a feasible way to audit and challenge billings. Key privacy related requirements for the pilot program were:

- No point location data could be stored or transmitted
- All on-vehicle device communication must be short range
- The only centrally stored data needed to assess mileage fees was vehicle identification, zone mileage totals for each vehicle and the amount of fuel purchased

Minimal burden on business.

While distributors and gas stations bear some new accounting burdens, administration is essentially automated and can be integrated easily into existing transaction processes.

Minimal evasion potential.

Tampering with the on-vehicle device would result in default payment of the gas tax. The difference between gas taxes and mileage fees would likely to be very small, providing very little incentive to try to evade the basic mileage fee. The eventual fee level, on-vehicle engineering, fee structure, fuel tax rates, and penalties for tampering will determine the degree to which equipment tampering will occur.

Low cost to implement and administer.

Costs are associated in three areas: service stations, on-vehicle and DOT administration. Service station capital costs include the equipment while operating costs include communications with a central database and modifications to point-of-sale systems. On-vehicle capital costs will be determined by auto manufacturers and included in the price of new vehicles. ODOT will incur operating costs for auditing and providing technical assistance to service stations and motorists. Auditing should cost \$1.0 million annually, a small fraction of expected annual mileage fee revenue.

NEXT STEPS

Now that the Road User Fee Pilot Program validates the Oregon Mileage Fee Concept, additional development and testing must take place to prepare for full implementation. ODOT must work with world class technology firms and the automobile manufacturers to refine the on-vehicle technology and work with the fuel distribution industry to insure the ease of mileage fee transactions at the fuel pump. Further, ODOT must expand the concept to include home fueling collections and multi-state integration. ODOT must also develop cost estimates for full implementation, which could occur within the next 10 years.

Florida

Public Private Partnerships 101



Florida Department of Transportation

DRAFT



Cash Management

- FDOT utilizes various cash management techniques to manage revenues and expenditures
- Cash management techniques include INNOVATIVE FINANCE TOOLS
- We call it “The Tool Box”



Innovative Financing Tools

- Federal Flexibility
- Reasonable Level of Bonding
 - ✓ Turnpike Revenue Bonds
 - ✓ Right of Way and Bridge Bonds
 - ✓ GARVEE Bonds
 - ✓ Seaports Bonds
- State Infrastructure Bank
- P3 – Public-Private Partnerships
- Other Innovative Financing Options



State Revenue Impact

- Over fifteen years FDOT had growth from traditional transportation revenue sources that were robust or stable.
- Since November 2006, the Transportation Revenue Estimating Conference (REC) and the Doc Stamp REC has reduced forecasted revenues for transportation, with a negative impact of over \$9.4 Billion on the Work Program.

Time Frame	Cash Reduction	Commitment Reduction
November 2006	(\$140) M	(\$164) M
March 2007	(\$232) M	(\$400) M
November 2007	(\$847) M	(\$1,409) M
March 2008	(\$339) M	(\$563) M
June 2008 (GM)	(\$931) M	(\$1,312) M
August 2008 (GM)	(\$390) M	(\$533) M
November 2008	(\$1,303) M	(\$2,131) M
November 2008 (GM)	(\$538) M	(\$721) M
March 2009	(\$817) M	(\$1,112) M
March 2009 (GM)	(\$702) M	(\$960) M
June 2009 (2009 Legislative Sweep)	(\$120) M	(\$171) M
Total	(\$6,359) M	(\$9,476) M

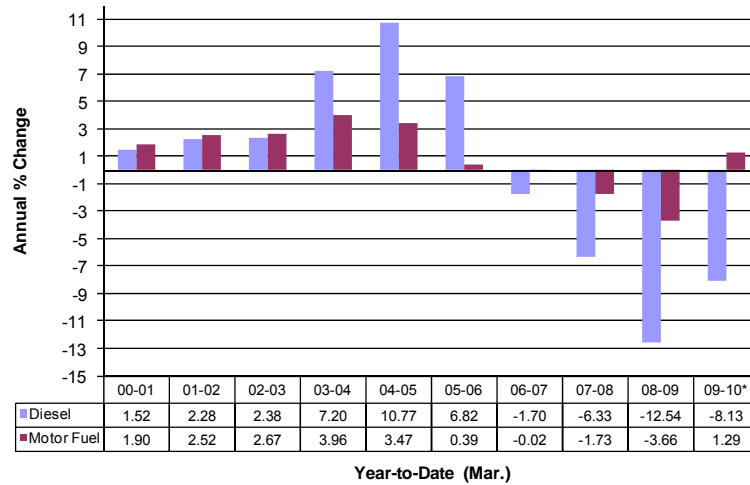
} Since 7/1/2008

* 2008 Legislature

Primary reasons for reduction: lower than expected motor fuel consumption due to lower population growth, downward shift in the economy, more fuel efficient cars, and a shift in vehicle registration from large to medium vehicles.



Fuel Consumption History



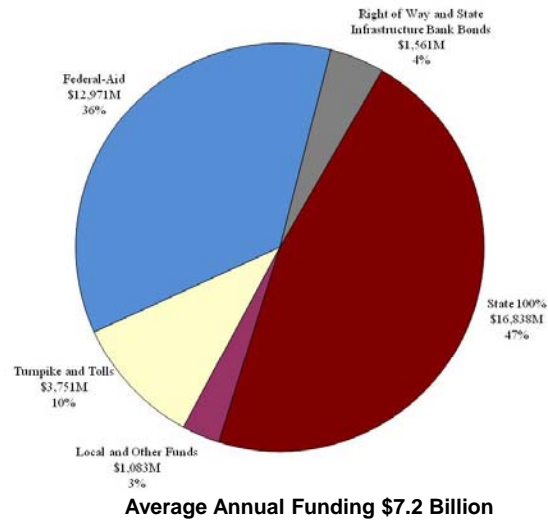
DOT Work Program

Work Program covers five-years and is updated by adding a new fifth year annually and making adjustments as needed to the “common” four years from one cycle to the next

- ✓ Any loss in revenue, regardless of amount, will likely cause project slippage and possible deferral outside the Work Program
- ✓ A continued trend in the decline in revenues compared to current estimate will create an inability to deliver the Work Program and longer-range plans beyond the five-years



Five Year Work Program



July 1, 2009 Adopted Work Program

7

Factors Driving Privatization

- Established international P3 market and industry
- Estimated \$47 billion gap in transportation needs and available funding
- Successive federal highway and state innovations authorizing and encouraging P3s:
 - Federal: SEP-14, ISTEA, NHS Act, TEA-21, SEP-15, SAFETEA-LU
 - State: P3 law, Turnpike and Expressway Authorities, Innovative Contracting law



8

Factors Driving Privatization

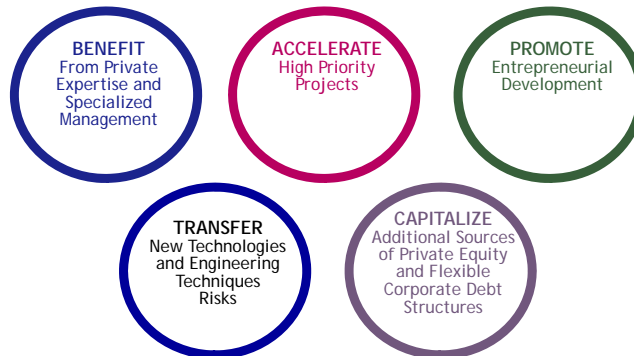
- Non-U.S. Market Becoming Saturated
- **Money** available to invest in U.S.:
 - Significant supply of equity capital
 - Historically low overall interest rate environment and low returns on comparable equity investments
 - Concessions typically provide long-term inflation-protected returns
 - Toll roads typically have favorable pricing power compared to other private sector investments



9

PUBLIC PRIVATE PARTNERSHIPS

...have many forms and seek to provide the public sector with a variety of benefits



10

Long History of Public Private Partnership

Outsourcing transportation projects since the 1960s

- Outsourcing Partnerships
 - 100% of roadway/bridge construction
 - Over 80% of engineering work
 - Over 80% of maintenance
- Periodic private sector “equity” investments
 - Right of Way donations
 - Cash investment such as for Interchanges
- “Advanced” on innovative contracting



11

P3 Funding Sources

Federal

- ✓ TIFIA
- ✓ Private Activity Bonds

State

- ✓ Turnpike Revenue Bonds
- ✓ Right of Way and Bridge Bonds
- ✓ Seaports Bonds
- ✓ State Infrastructure Bank

Local

Private

- ✓ Equity
- ✓ Bank loans



12

Florida's P3 Law

Section 334.30, Florida Statutes

- Broad P3 authority
- Flexible
- Provided a “credit-worthy” P3 program
- Strong controls and oversight to the P3 process



13

Florida's P3 Law (continued)

- Requires Independent Cost Effectiveness/Public Benefit Analysis
- Mandates independent investment grade Traffic and Revenue analysis where applicable
- Limits FDOT funds for P3s – 15% cap of federal and state funding in any given year
- Toll rates regulated by FDOT for toll projects
- Requires FDOT to receive a portion of the excess revenues as part of the Concession Agreement



14

Florida's P3 Law (continued)

- Authorizes leases of existing FDOT Toll Facilities (excludes Turnpike facilities)
- Leases must be approved by Legislative Budget Commission prior to contract award
- Linked to local planning processes
- Terms up to 50 years, or up to 75 Years with Secretary approval, terms over 75 years must be approved by Legislature



Florida's P3 Law (continued)

- FDOT must provide a summary of new P3 projects as part of the submission of the FDOT Work Program
- Outlines clear P3 procurement process
- Requires private entities to acquire surety bonds, letters of credit, parent company guarantees, and/or lender and equity partner guarantees.
- Provides for innovative finance techniques such as hedges



Florida's P3 Law (continued)

- Allows the Department to enter into availability payment or shadow tolling agreements
- Authority to leverage funds on large projects
- P3 projects owned by the Department upon completion or termination of the P3 agreement
- Indicates Governor/Legislature support for P3s



Florida's Current P3 Approach

- Primary focus on new capacity
- Each project is unique
- Get right of way and environmental work clear or almost clear
- Develop solid, transparent and competitive P3 process



Florida's Current P3 Approach (continued)

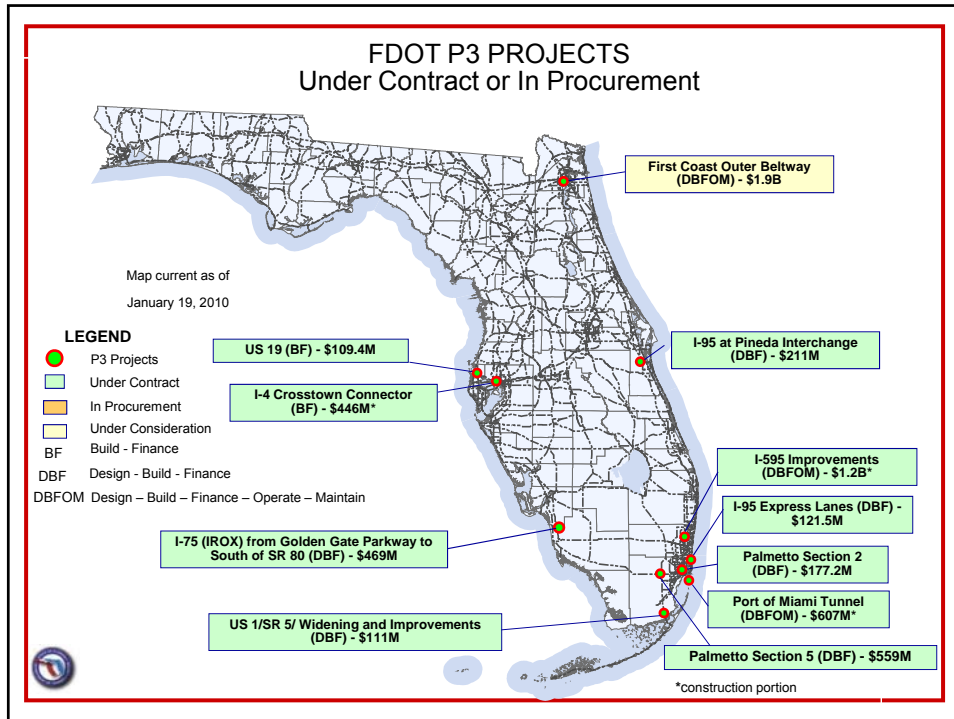
- Hold industry forums where valuable
- Request for qualifications/request for proposals
- When applicable, interact with short-list teams and listen
- “Hard Proposal” to deliver best value
- Partnership is key



Building a P3 Process

- FDOT has many good processes
 - ✓ Many years of outsourcing
 - ✓ Design-Build
 - ✓ Dispute resolution
- Internal Teams Established to Build Repeatable P3 Process
 - ✓ Finance
 - ✓ Procurement
 - ✓ Engineering and Operations





- ## P3 Examples
- Design-Build-Finance**
- I-75 (IROX) - \$469M
 - US 1 (unsolicited) - \$111M
 - I-95 at Pineda Interchange - \$211M
 - I-95 Express Lanes - \$121.5M (phases 1A and 1B)
 - Palmetto Section 2 - \$177.2M
 - Palmetto Section 5 - \$559M
- Build Finance**
- I-4 Crosstown Connector - \$446M
 - US 19 - \$164.5M
- Concession Agreements**
- I-595 Improvements/Express Lanes - \$1.2B
 - First Coast Outer Beltway - \$1.9B
 - Port of Miami Tunnel - \$607M
- Asset Lease**
- Alligator Alley

Types of P3s – Advanced Projects

The Department may advance projects programmed in the adopted 5-year work program or projects increasing transportation capacity and greater than \$500 million in the 10-year Strategic Intermodal Plan using funds provided by public-private partnerships or private entities to be reimbursed from department funds for the project as programmed in the adopted work program.

Examples: I-75 (IROX) in Lee and Collier counties, I-95 at Pineda, I-95 Express, US 1 (an unsolicited proposal), Palmetto Section 5, I-4 Crosstown Connector, and US 19.



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Types of P3s – Availability Payments

The “owner,” meaning the government entity, “pays” to the extent the facility is open to traffic and meets contractual performance specifications for operations and maintenance.

Typically used for projects with established traffic.

May be used for toll deals where goal is to maximize use or reduce congestion, rather than to maximize revenue.

Example: I-595, Port of Miami Tunnel



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Types of P3s – Real Toll Deal

- Private sector may design, build, finance, operate and maintain
- Development is typically a new facility (greenfield)
- Typically dependent on toll revenues, however, may be subsidized
- Concessionaire assumes traffic and construction risk, and other risks

Example: First Coast Outer Beltway



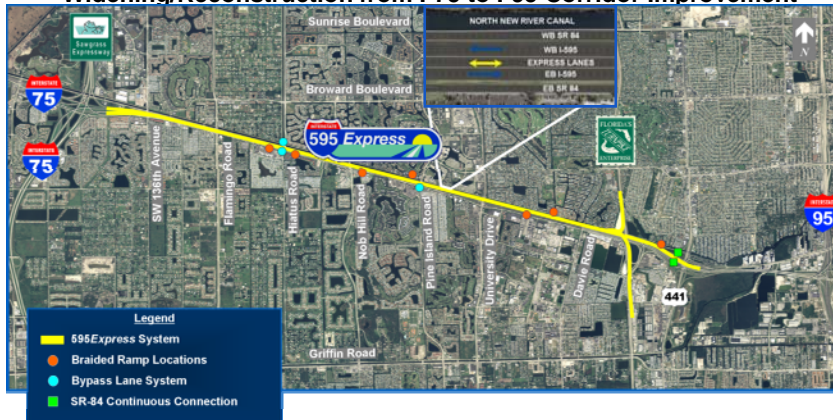
Types of P3s – Asset Leasing

This approach takes an existing revenue-producing infrastructure asset like a toll road, airport, or seaport to be leased long term through a P3 with the future value of the asset/revenue stream provided in a lump sum payment or in a combination of a lump sum payment and periodic payments.

Example: Alligator Alley



I-595 Broward County Widening/Reconstruction from I-75 to I-95 Corridor Improvement



Scope

- Widening/Reconstruction of I-595 from I-75 to I-95
- Three reversible express lanes
- Ramp and interchange improvements
- Continuation of SR 84

P3 Concession Procurement

- The improvements are being made as a public-private partnership (P3) project with one contractor responsible for the entire \$1.2B project
- The reversible express lanes will be operated as managed lanes with variable tolls
- FDOT will retain the toll revenue and will control the toll rates
- Major construction began in Fall 2009 and will last approximately five years



Port of Miami Tunnel

- Provides direct highway connection to the Port of Miami on Dodge Island from Watson Island
- Uses milestone / availability payments over 35 years
- The project reached financial close on October 15, 2009. Total cost of design and construction is \$607 million.



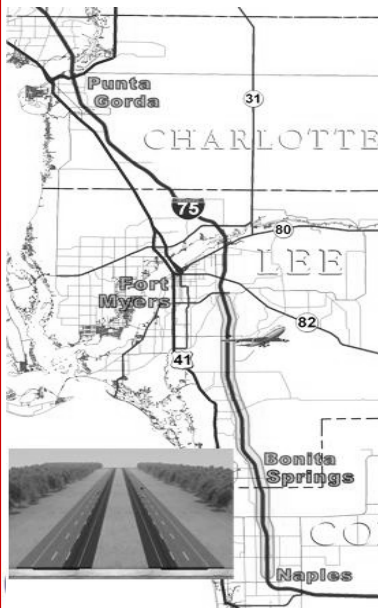
First Coast Outer Beltway

The combination of the Branan Field Chaffee Road (SR 23) and St. Johns River Crossing Corridor form the First Coast Outer Beltway around the Jacksonville metropolitan area. The First Coast Outer Beltway would provide a direct connection, outside of the I-295 loop, between I-10 and I-95. This \$1.9B project is a Design, Build, Finance, Operate and Maintain concession.



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I-75 Design/Build/Finance



- Widen from 4 to 6 lanes in Lee and Collier counties (30 miles)
- 1st Design Build Finance in Florida
- \$469 million
- Construction in 3 years, payment over 6 years
- Saves 5 years in construction time
- Creates an estimated 600 "shovel to the ground" jobs and 14,000 other jobs involved with the project
- Notice to Proceed – October 28, 2007
- Construction complete prior to Spring 2010

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U.S. 1 "The Stretch" Key Largo to Florida City



Completed projects of the 18-mile stretch include the Jewfish Creek Bridge replacement and roadway reconstruction and widening from MM 106 in Monroe County to MM 115 in Miami-Dade County.

Current construction includes the unsolicited bid Public Private Partnership (PPP) Project from MM 116 to MM 127.5 (SW 344th Street) Florida City.

- Construction began on the Public Private Partnership (PPP) Project March 2008.
- Estimated construction cost is \$111 million.
- Estimated completion: March 2011.



The final portion of the project was let in July 2009 as an American Recovery and Reinvestment Act (ARRA) stimulus project.

- This project extends from MM 121 to MM 124 of the 18-mile stretch.
- Construction is scheduled to begin late September of 2009 with an estimated completion date of August 2011.
- This will complete the reconstruction of the 18-mile stretch from Key Largo to Florida City.

Palmetto Expressway (SR 826) & Dolphin Expressway (SR 836) Interchange Construction



OVERVIEW

The interchange of S.R. 826 and S.R. 836 currently handles over 430,000 vehicles per day and has been identified as one of the worst bottle-necks in Miami-Dade County.

COST

This is an American Recovery and Reinvestment Act (ARRA) stimulus project. Estimated construction cost is approximately \$559 million, of which approximately \$87 million will be funded by stimulus dollars.

DATES

Contract Advertisement: April 2009
 Contract Award: September 17, 2009
 Beginning of Construction: Late November 2009
 Anticipated completion: October 2014

BENEFITS

- Providing direct connector ramps between S.R. 826 & S.R. 836
- Providing additional lanes to help reduce traffic
- Improving direct ramp exits to main streets
- Providing corridors for future connections of NW 7th St. under S.R. 826 & of NW 82nd Ave. under S.R. 836
- Providing environmental benefits



I-4 Crosstown Connector

This Build-Finance project will provide exclusive truck lanes for direct access to the Port of Tampa and eastbound and westbound connections to I-4 and the Lee Roy Selmon Expressway. This includes three major movements, the "S" move is from I-4 east of Tampa to the Crosstown headed west, the "T" move a truck only connection from I-4 to the Port of Tampa, and the "Z" move from I-4 to the Crosstown headed east. This project will be moved forward as a Build Finance project and will be supplemented with federal stimulus money. Estimated construction costs are \$446 million.



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U.S. 19

This Build-Finance project will establish a controlled access highway that will accommodate both regional and local traffic. The U.S. 19 projects extending from Whitney Road to S.R. 60 will complete a 2.5 mile continuous section of roadway free of traffic signals. This section will ultimately complete over 7 miles of continuous roadway along U.S. 19 free of traffic signals. This project will be moved forward as a Build Finance project and will be supplemented with federal stimulus money.



US 19 and Belleair Rd

Contract for \$109.4 million awarded in September 2009.

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PPP Strengths

- Innovative ideas and/or projects
- Possible private equity
- Access to global capital markets
- Deliver “market approaches” and expertise
- Transfer of risk
- Long term relationships
- Can provide “stability” in pricing
- Contract outlines the “deal”



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PPP Weaknesses

- Loss of control or perceived loss of control
 - ✓ Day to Day Management
 - ✓ Setting toll rates, performance standards, etc.
- “Cherry picking” by the private sector
- Learning curve in negotiating and managing PPPs
- Potential for higher than expected equity returns to grow over time
- “Real” transfer of risk (may pay to transfer risk)
- Long term relationships



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Lessons Learned

- Be flexible in procurement, contracting, and finance process
- Secure government and community stakeholders' support
- Pick the right projects
- Be patient and start at the right time
- Secure outside experts with P3 experience
- Be transparent and have an interactive process
- Be flexible, clear, consistent, and persistent



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Summary

- P3s are a tool
- P3s have both strengths and weaknesses
- P3s are likely to be exception, not rule for delivery of transportation projects
- There will be different flavors of PPPs that should peak varied interest
- Working hard to provide a solid, transparent, and competitive PPP process
- The “Sunshine State” is a good business climate for PPPs



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Nossaman Authored Articles

Lessons Learned: Florida I-595 Project

Public Works Financing Authored by: Patrick D. Harder

04/30/09

As the dust settles on the financing of the I-595 Corridor Improvements project in Fort Lauderdale, Florida, it is instructive to explore what trends this unprecedented deal portends and what take-aways from this transaction are likely to apply to future PPP transactions in the United States.

Take-away #1: A properly structured deal can be financed, even in the toughest of markets.

With the media beating the drum of a "freeze" in the credit markets, one could have easily drawn the conclusion that talk of closing project financing on a \$1.8-billion transaction was a pipe dream at best and perhaps closer to the ramblings of a madman. Yet ACS Infrastructure Development and its public partner at the Florida Department of Transportation (FDOT) were able to pull a proverbial rabbit out of the hat and bring the deal to fruition in the midst of the biggest economic downturn since the Great Depression. A peek behind the scenes at how this was accomplished is the best way to discern what elements of the I-595 transaction may be emulated in future PPP transactions.

In our uncertain financial times, a successful PPP transaction requires a great deal of flexibility in the procurement process and the contract documents. Having such flexibility will allow the parties to adjust to the inevitable yet unpredictable changes that will occur over the course of an extended PPP procurement. For the I-595 procurement, this flexibility was essential in a number of instances. For example, both of the proposer teams sought to make changes to their team composition very late in the procurement process. FDOT anticipated the potential for such changes and put an explicit and streamlined process in place that allowed for fair and thorough consideration of the requested changes.

On the finance side, the flexibility of the parties to respond to change with a "can-do" attitude allowed ACS to shift from its planned bond financing structure to a bank financing structure just weeks before the planned financial close. Without this flexibility, the transaction may well have hit a brick wall when it became apparent that the market would not bear such a large offering of alternative minimum tax debt. Similarly, FDOT showed exceptional foresight to provide some protection from interest rate movements, and a risk-sharing mechanism for credit spread movements, which were key to keeping the transaction on the rails when volatility in the markets was at its highest levels.

On the technical side, FDOT established a process to allow proposer teams to suggest alternative technical solutions in a confidential setting prior to submitting proposals. This gave FDOT the flexibility to adjust technical requirements to accommodate meritorious ideas in the final contract released prior to bid. The approach allowed FDOT to maintain a level playing field and a transparent selection process while still benefitting from private sector innovation.

Take-Away #2: Governmental support is critical to the success of any PPP transaction.

While flexibility will oil the gears of a complex PPP transaction, it is only with true governmental and public support on multiple levels that the myriad elements of a PPP transaction will come together to a successful conclusion. In the case of the I-595 transaction, this support started at the highest levels, with Governor Crist singling out the project in his "Accelerate Florida" stimulus plan months before the Wall Street meltdown. Governor Crist challenged FDOT to bring the transaction to a successful close as quickly as humanly possible. Resolve to meet this challenge permeated through all levels of FDOT, from Secretary Kopelousis down through the District leadership to the project procurement team. The Governor's challenge energized the procurement team to short-list, develop documents, conduct extensive industry review, receive and evaluate proposals, and close financing

in the midst of the tightest credit market in modern times, all in about 15 months—an unprecedented, short time for a PPP procurement of this type.

Federal level support mirrored the state support. Substantial TIFIA credit support, to the tune of \$608 million, proved absolutely critical to keeping pricing within FDOT's affordability limits. But for the reduced cost of TIFIA at a time when credit spreads were hitting unprecedented levels, the deal would have collapsed.

Equally important to the project's success was the support of local stakeholders, including cities along the project route, Broward County, and local residents. FDOT conducted innumerable public hearings on the project and listened when some residents objected to the original design concept of elevating portions of the project. FDOT demonstrated its flexibility by redefining the project profile, which won the public support necessary to make the project a reality.

Take-Away #3: The approach to pricing risk may be the deciding factor in a successful proposal.

Philosophical differences in risk appetite, pricing of risk and sizing of returns proved to be the difference between the winning proposal and the second place finisher. Some issues of concern for proposer teams included risk allocation for delays or extra costs associated with utility relocation, hazardous materials, and permits. The parties used the pre-proposal industry review process to address legitimate concerns without losing the fundamental risk allocations that are a key to making PPP transactions work. When proposals came in, there was an extreme variation in pricing between the proposals that could only be explained in terms of risk premium and differing expectations of return on investment. The winning team's proposed annual maximum availability payment was less than half the figure put forth by the other proposer.

Perhaps the strong integration of the ACS team helps to explain its risk philosophy and ultimate success as the winning proposer. Besides taking the entire equity position as the Concessionaire, ACS's affiliated companies also took on the role of lead designbuilder and lead operations and maintenance contractor through a series of subcontracts with the Concessionaire. This "one-stop shop" for design, construction, operation and financing allows efficient pricing of both risk and expected returns.

The unsuccessful proposer, on the other hand, was a consortium of separate companies, each with its own risk philosophies and risk appetites. When confronting these differing risk appetites a common response of consortia is to price shared risks in accordance with the philosophy of its most conservative consortium member. Individual risks may be priced at a level to reflect the pass-through nature of the contracting structure. Also, the presence on the unsuccessful proposer team of a pure financial player in the form of Babcock & Brown may well have increased expectations regarding the expected return on investment, especially given the bleak financial environment at the time when proposals were submitted.

Take-Away #4: Availability payment transactions are here to stay. With the I-595 transaction successfully closed, states throughout the country are taking a hard look at availability payment structures and the features that make them attractive. For toll road projects, the structure eliminates the question of who sets toll pricing, making it far more politically palatable than allowing the private sector concessionaire, often a foreign-based company, to make these decisions. Maintaining control over toll-setting allows the agency to focus on its policy objectives, whether the objective is maximizing revenue, maximizing congestion relief, or some other objective.

Another feature of availability payment transactions is that they generally will have shorter contract tenors than a toll concession, allowing the agency to keep all real property ownership interests within the agency. The absence of a lease or other transfer of property interest may alleviate some of the tax issues that arise on longer-term toll transactions, although it does potentially eliminate the tax benefit of longterm depreciation that is a feature of toll concessions.

Performance of the construction work in accordance with contractual requirements is secured because the Concessionaire receives no payments until the construction is complete. Performance security is thus accomplished in great part by the structure itself. The availability payment structure with its payment deductions for performance shortcomings provides the Concessionaire with ample financial incentive to ensure good traffic management during construction, and effective maintenance after the facility is open to the travelling public. The contractually-mandated hand-back standards ensure that the agency gets a fully functional facility at the end of the concession term.

From the private sector's perspective, availability payment transactions provide a more predictable payment stream, with nearly all downside risk controlled by the private sector. The Concessionaire and its lenders rely on the agency's credit rather than on often-unpredictable toll revenue.

Conclusion: The I-595 deal marks the first use of availability payments in the United States. While such deals are common and even standardized in the UK, Europe and Canada, the structure used in Florida was significantly tailored to U.S. law, Florida state law and local business practices. While the success of the deal, was as much art as science, several of the key elements, including flexibility, government support and risk-pricing approaches can be replicated in other states on other projects. That is some good news amidst the general economic gloom.

Patrick Harder led the legal team that advised the Florida Department of Transportation on the I-595 Corridor Improvements Project. He has more than 20 years of legal experience in the construction industry and has an in-depth knowledge of successful, large scale construction projects. He can be reached at pdharder@nossaman.com or 213.612.7859.

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North Carolina

North Carolina Department of Transportation

Public Private Partnerships Policy & Procedures



June 4, 2009

PUBLIC PRIVATE PARTNERSHIPS POLICY & PROCEDURES

PURPOSE

This document establishes the Department's process for soliciting, evaluating, selecting, procuring and administering contracts that include a partnership with one or more private entities that wish to develop, design, establish, enhance, finance, construct, operate, and/or maintain a transportation facility. The primary purpose of public private partnerships is to leverage public funds or other resources with private investment to accelerate, enhance, or otherwise improve the delivery, operation, or maintenance of public transportation infrastructure.

This policy is not intended to supercede or replace Department policies enabling private or public entities from funding transportation projects with no further financial interest upon completion of the project. These procedures are not intended to limit or otherwise apply to the Department's procurement of goods and services in the ordinary course of its operations. This policy document is independent of the policy adopted by the North Carolina Turnpike Authority.

SCOPE

This procedure affects all offices, departments, units, etc., associated with the planning, development, design, construction, operation or maintenance of roads, bridges, highways, or other Department of Transportation infrastructure.

AUTHORITY

Session Law 2008-164

Session Law 2007-357

Session Law 2007-439

General Statute §136-18(39)

General Statute §136-28.1(l)

General Statute §136-28.1(m)

General Statute §143B-350(f)(12a)

BACKGROUND

Session Law 2006-230 first authorized the Department to enter into agreements with private entities to finance the cost of acquiring, constructing, equipping, maintaining, and operating highways, roads, streets, and bridges, subject to the approval of the Board of Transportation. In the 2007 Legislative Session, this provision was revised to clarify that agreements may be made with private entities for transportation infrastructure projects, with priority given to highways, roads, streets and bridges. Session Law 2007-439 further requires that the Department report concurrently to the Board of Transportation and

to the Chairs of the Joint Legislative Transportation Oversight Committee, the Chairs of the House of Representatives Appropriations Subcommittee on Transportation, and the Chairs of the Senate Appropriations Committee on Transportation regarding any such proposed agreement. Session Law 2008-164 expanded the Department's authority to expressly permit the Department to enter into agreements to plan, design, develop, acquire, construct, equip, maintain, and operate highways, roads, streets, bridges, and existing rail, as well as properties adjoining existing rail lines in this State. Furthermore, Session Law 2008-164 stipulates that any contracts for construction of highways, roads, streets, and bridges which are awarded pursuant to such an agreement entered shall comply with the competitive bidding requirements of Article 2 of Chapter 136 of the General Statutes.

Session Law 2007-439 specifically permits the use of Public Private Partnerships for two pilot projects for internet access at rest areas and two pilot projects for litter removal.

DEFINITIONS

Competitive Negotiation: A process commonly used in the selection and procurement of design services for transportation projects. Competitive negotiation involves the selection of a Proposer or Proposers based on technical merit or qualifications with or without regard to cost, followed by a period of negotiation with the selected Proposer(s).

Comprehensive Agreement: The assemblage of all contract documents and requirements, as defined below and incorporated by reference, the final finance arrangements, and other ancillary operating or encroachment agreements as may be executed by the Department and one or more private entities. The document may also be referred to as a Development Agreement or a Comprehensive Development Agreement. These agreements may include provisions for the lease of rights-of-way in, and airspace over and under, highways, public streets, rail or related facilities.

Contract: The assemblage of all contractual documents and requirements that include the Request for Proposals, all addenda, a Proposal (both technical and financial), applicable NCDOT Standard Specifications and Drawings, and other documents as referenced in the Request for Proposals.

Design-Build: A project delivery method that combines construction and preconstruction services into one contract that may be suitable for public private partnerships. Design-Build may combine into a single contract the preconstruction, construction, construction engineering, operation, maintenance, inspection requirements and testing requirements for a project.

Design-Build Team: Any company, partnership, corporation, association, joint venture, or other legal entity permitted by law to practice engineering, architecture, and construction contracting, as appropriate, in the State of North Carolina.

Interim Agreement:	An initial agreement that may be entered into by the Department and the successful Proposer upon completion of initial negotiations. This agreement typically defines the preconstruction activities and any compensation therefor that may be necessary to further the development of a Comprehensive Agreement.
Letter of Interest:	A written response that is solicited from potential Proposers through advertisements. It is often employed in pre-qualifying Proposers for specific services, based on their resources and experience, before issuing a Request for Proposals.
Project:	The project to be planned, developed, designed, constructed, operated and/or maintained in accordance with the Contract.
Proposal:	The document submitted by a Proposer that may combine technical details and cost in a negotiation or competitive negotiation procurement process or may be comprised of a separate Technical Proposal and Price Proposal in a competitive sealed bid procurement process.
Price Proposal:	The sealed “bid” in a competitive sealed bid procurement process that constitutes the Proposer’s price to complete the activities required by the Request for Proposals and the Proposer’s Technical Proposal.
Request for Proposals:	A document that describes the procurement process, provides the scope of services and requirements for the project, and may be used by the Proposer to submit their Price Proposal. The Request for Proposals typically forms the basis for the Contract and the Agreement.
Request for Qualifications:	A document issued by the Department that solicits Statements of Qualifications or Letters of Interest from Proposers.
Statements of Qualification:	A document that is requested from a potential Proposer that describes the Proposer’s qualifications to perform certain types of work including previous experience, licenses, certifications, personnel, equipment, etc. The Statement of Qualifications may also contain or include specific examples of previous work or financial/bonding capacity of the Proposer.
Technical Proposal:	The proposal as set forth by the Proposer that conveys its design, construction approach, services proposed, schedule, or other items as required by the Request for Proposals in a competitive sealed bid procurement process. The Technical Proposal is made a part of the Contract.
Project Manager:	The Department staff member assigned to coordinate the development of a project’s Request for Proposals and the review of the Proposer’s submittals. The Department may also elect to utilize a General Engineering Consultant or other such technical expert to serve as the Project Manager.

PROJECT SELECTION

OVERSIGHT

An Oversight Committee will be maintained to guide the evaluation and selection of Public Private Partnership projects. The membership of the Oversight Committee will mimic that of the Design-Build Executive Committee and include such Executive Department Staff such as the State Highway Administrator's office, Chief Engineer's Office, Administrator of the Technical Services Division, Preconstruction Branch Manager, Design Branch Manager, State Transportation Program Management Engineer, etc. This Oversight Committee will also be responsible for general oversight of the Public Private Partnership Program, procedures, and performance measures.

APPLICABLE PROJECTS

The appropriate selection of projects for a Public Private Partnership is extremely important. Typically, Public Private Partnership projects may be considered if they fall into at least one of the following broad categories:

- 1) Projects where design and construction need to be expedited for the public good.
- 2) Projects affording opportunities for innovation in design, construction, operation, maintenance, or financing of the transportation infrastructure.
- 3) Unusual projects that do not lend themselves to normal design-bid-build procedures.
- 4) Projects where significant Department resources, which may include rights-of-way or air rights, are available to leverage with private investment.
- 5) Projects conducive to significant private investment.
- 6) Projects for which private investment would fulfill a critical financial need to complete the project.
- 7) Projects that may provide access to new private capital to deliver other critical transportation projects.
- 8) Projects need to be on local long range transportation plans and/or have demonstrated local support.
- 9) Projects for which a business case demonstrates that a Public Private Partnership can deliver the best value to the traveling public.

PROPOSAL SOLICITATION

The Department may solicit interested parties for participation in a Public Private Partnership for any project presuming the project selection criteria includes public need, technical and financial feasibility, transportation efficiency or efficacy, cost effectiveness, available resources, or project acceleration. The selection process must appreciate economy and potential savings to the public, but selection of the successful Proposer will also consider the quality and technical merit of the proposal.

The Department must provide, to the greatest extent possible, for the solicitation of competitive proposals prior to entering into a Private Public Partnership agreement. Furthermore, in accordance with Session Law 2008-164, any contracts for construction of highways, roads, streets, and bridges which are awarded pursuant to such an agreement shall comply with the competitive bidding requirements of Article 2 of this Chapter 136 of the General Statutes.

The Department is not required to respond in any manner to unsolicited proposals and shall not do so formally as a matter of policy. The Department does, however, encourage interested parties to suggest potential projects for Public Private Partnerships. If the Department elects to pursue a project, regardless

of the manner in which it is suggested, the Department will issue a formal advertisement and/or Request for Proposals in accordance with this policy.

EVALUATION PROCESS

The Department may use a one-step or two-step process to evaluate Proposals and select a Proposer with which the Department intends to enter into an agreement to execute a project. The evaluation of Statements of Qualifications, Letters of Interest, and Proposals will be done by an Evaluation Committee selected on a project specific basis.

EVALUATION COMMITTEE

The Evaluation Committee is a critical element of the Proposer evaluation and selection process. The Evaluation Committee will be composed of at least five Department employees. To the greatest extent possible, the Evaluation Committee members should have significant NCDOT experience and a thorough understanding of Department procedures. These members will represent major areas of the project planning, design, construction, finance, and/or operation. The Evaluation Committee may also include third party representatives with legal, financial, or otherwise specialized expertise. The Evaluation Committee will serve as a selection committee and is responsible for the evaluation of both (1) the Statements of Qualifications or Letters of Interest for the purpose of shortlisting and (2) the Proposals for the purpose of determining a committee consensus of the Proposal that addresses the price and performance that will provide the greatest overall benefit under the specified selection criteria. A confidentiality agreement will be signed by all members of the Evaluation Committee that limits their discussion on the Proposals to only those Department personnel or Proposer references that they deem necessary to assist in the evaluation.

ONE-STEP PROCESS

The one-step process will include the distribution of a Request for Proposals. The evaluation of Proposals and the selection of the successful Proposer under a one-step process will be consistent with that of the second step of the two-step process as outlined below. Generally, a one-step process will be reserved for projects that are specialized in nature or do not require substantial investment to generate a Proposal.

TWO-STEP PROCESS

The two-step process entails the issuance of a Request for Qualifications (RFQ), the development of a short list of Proposers, the issuance of a Request for Proposals, and the determination of the successful Proposer.

REQUEST FOR QUALIFICATIONS

The Request for Qualifications will provide a general description of the work and the Proposers' responsibilities, and will include the prequalification requirements, any pre-Proposal conferences, Department point of contact, additional technical qualifications desired, and the timeframe for Statements of Qualification or Letters of Interest to be submitted to the Department. Requirements in the Request for Qualifications shall be general and not require Proposers to provide technical evaluation or detailed scheduling of project specifics. Each project's Request for Qualifications should be modified to fit the unique needs of that project.

The Request for Qualifications will set forth basic evaluation criteria such as professional experience, technical competence, resources, staffing, management stability, legal contracting entity, organizational structure, and the financial capability and stability necessary to complete a project. The Request for Qualifications may also request other information deemed necessary by the Department.

The Request for Qualifications will include all weighted evaluation criteria to be used in assessing the Letters of Interest or Statements of Qualifications. The Evaluation Committee will review the responses to the Request for Qualifications and will identify those Proposers that are best suited for further consideration. This “shortlist” of Proposers will be invited to submit a conceptual or detailed Proposal in response to the Request for Proposals provided to them. The shortlist will typically consist of three Proposers but the Department may elect to shortlist as many as five Proposers.

At the Department’s discretion, one additional Proposer may be designated by the Evaluation Committee as the shortlist alternate. In the event a shortlisted Proposer withdraws from further consideration on the project, the Department may invite the shortlist alternate to submit a Proposal. In this event, all previously shortlisted Teams will be made aware of this invitation.

Unless specialized services are otherwise stipulated in the RFQ, the Department's standard pre-qualification requirements apply to each entity providing professional engineering services. Likewise, the standard contractor pre-qualification requirements apply to each contractor entity within or utilized by the Proposer. Unless otherwise approved by the Department, each entity must be pre-qualified prior to the deadline for the submittal of the Statements of Qualification.

Any consultant engineers under contract, or previously under contract, with the Department to prepare preliminary plans, planning reports or other project development products for a project will not be allowed to participate in any capacity with the Proposer selected to complete that project. Exceptions to this policy may be granted by the Department, upon written request from the specific firm, if it is determined that the firm’s involvement is in the best interest of the public and does not constitute an unfair advantage.

REQUEST FOR PROPOSALS

The Request for Proposals (RFP) document contains the directives and scope description for any given project. Any desired project elements, design and construction requirements, guiding documents, responsibilities of the Proposer, responsibilities of the Department, payment or compensation terms, as applicable, and the procurement process to be used for Proposer selection are typically stipulated within this document.

A draft Request for Proposals may be distributed to the shortlisted Proposers. If so designated by the Department, one or more meetings will be afforded to each shortlisted Proposer to address any questions it may have about the project, the requirements of the Request for Proposals, or the selection process. The meetings will be conducted individually with each Proposer. As a result of these meetings, the Request for Proposals may be modified and a Final Request for Proposals issued to all shortlisted Proposers. Addenda to this Final Request for Proposals may be issued as needed to further refine the requirements of the Contract.

The Request for Proposals will solicit conceptual or detailed Proposals and designate the required contents of responsive Proposals, which may include, but not be limited to, the following information:

- (1) Additional information regarding the Proposer's qualifications and demonstrated technical competence.
- (2) A discussion on the feasibility of developing the project as proposed.
- (3) Environmental documentation (NEPA, permitting, etc.) responsibilities
- (4) Detailed engineering or architectural designs.
- (5) Project Schedule and the Proposer's ability to maintain progress.
- (6) A detailed financial plan, including costing methodology, cost proposals, and project financing approach.
- (7) Ongoing or long term operation and maintenance issues related to the infrastructure.
- (8) Any other information the Department deems relevant or necessary.

REQUEST FOR PROPOSALS CONTENTS

The contents of the RFP vary on a project specific basis. However, the RFP, as a minimum should address the items outlined below:

- (1) Estimated Procurement Schedule
- (2) Instructions on Proposal Completion, Submission and Execution
- (3) Department Point of Contact During Procurement Phase
- (4) Notification of any Pre-Proposal Conferences
- (5) Proposal Evaluation Criteria
- (6) Proposer Selection Process
- (7) DBE or MB/WB Goals and Reporting Requirements
- (8) Oral Presentation Requirements
- (9) Planning, Design and Other Preconstruction Services Required
- (10) Submittal Requirements
- (11) Permits (as applicable)
- (12) Construction Services Required
- (13) Third Party Involvement or Restrictions
- (14) Information or Services to be Provided by the Department
- (15) Professional Insurance and Bonding
- (16) Payment/compensation terms, as applicable

SELECTION PROCESS

The selection process will generally consist of two phases. For a competitive sealed bid procurement process, these phases will consist of complete evaluation of the Technical Proposals followed by a determination of the most beneficial Proposal using a predetermined algorithm that combines Technical Score and Price. For a negotiation or competitive negotiation procurement process, the phases will consist of evaluation of the Proposals, followed by a period of negotiation.

PROPOSAL EVALUATION CRITERIA

The Request for Proposals will clearly outline the criteria to be used to evaluate the Proposals, regardless of procurement process. These criteria may include, but are not limited to:

- 1) Financial plan credibility
- 2) Project schedule, milestones, and credibility thereof
- 3) Reasonableness of assumptions, including those related to ownership, legal liability, law enforcement, and operation and maintenance of the project

- 4) Financial exposure and benefit to the Department and the public
- 5) Forecasts
- 6) Compatibility with other existing or planned facilities
- 7) Compliance with DBE or MB/WB goals or good faith efforts
- 8) Proposer's demonstrated capabilities and past performance
- 9) Design features
- 10) Likelihood of obtaining necessary third party approvals or support
- 11) Cost and pricing, including user fees and projected usage
- 12) Innovation in planning, development, design, construction, maintenance, or financing
- 13) Liability insurance provisions
- 14) Staffing and project coordination capabilities, including governmental liaison
- 15) Long term operations and maintenance considerations and life cycle costs
- 16) Traffic control
- 17) Safety records and plan
- 18) Quality control methods and/or project guarantees
- 19) Natural environment responsibility
- 20) Oral presentation

REVIEW OF PROPOSALS

The Evaluation Committee will first determine whether the Proposals are responsive to the requirements of the Request for Proposals. If any of the Proposals are considered non-responsive, the Department will notify the Proposer of that fact.

Each Proposal found to be responsive will be evaluated by the Evaluation Committee. The Evaluation Committee may be provided tools to assist in the evaluation of the Proposals. The Evaluation Committee may solicit input from other Department employees, independent third party technical advisors, or Proposer references regarding specific information that may be needed outside their experience or expertise.

A Department employee will serve as a facilitator to assist in the evaluation process. The facilitator serves in an ex officio capacity and facilitates the Evaluation Committee's discussion. The facilitator may answer questions regarding the evaluation criteria and process as well as specific questions about Proposal contents. The role of the facilitator is to ensure that (1) the evaluation process occurs in a systematic and consistent manner, (2) false or irrelevant data is not used in the evaluation process, (3) to the greatest extent possible, the overall evaluations are properly valued as relates to the size and complexity of the project and (4) the Evaluation Committee understands the confidential nature and outcome of its work.

Based on the evaluation process and evaluation criteria outlined in the Request for Proposals, the Evaluation Committee will score or rank the Proposals.

Competitive Sealed Bid Procurement Process

For projects using a competitive sealed bid procurement process, the evaluation of the Technical Proposals will result in a consensus Technical Score for each Proposal and will be conducted in accordance with the Department's current Design-Build Policy and Procedures at the time of the project advertisement. For certain projects and if outlined in the RFP, the Department may use other recognized means of combining technical quality and price in the determination of the most beneficial Proposal.

Negotiated or Competitively Negotiated Procurement Process

For projects using a negotiated or competitively negotiated procurement process, the Evaluation Committee will rank the Proposals and will recommend for selection the Proposer whose Proposal offers the best value to the Department.

The Department will issue written notification to each Proposer regarding its rank and the rank order of Proposers will be made public.

NEGOTIATIONS

The Department may pursue a negotiated procurement process, competitive negotiations, or competitive sealed bidding on select projects. The Request for Qualifications and/or Request for Proposals will outline the type of procurement to be used in the determination of the successful Proposer.

Competitive Sealed Bid Procurement Process

For a competitive sealed bid procurement process, no negotiations will occur prior to contract award. This provision in no way negates the Department's ability to pursue a Best and Final Offer as outlined in the Design-Build Policy and Procedures, issue addenda any time prior to contract award or enact alterations of work after contract award as allowed by the Department's Standard Specifications for Roads and Structures.

Negotiated Procurement Process

Under the negotiated procurement process, the Department will attempt to negotiate an interim agreement, comprehensive development agreement, or other such operating and finance agreement with the Proposer with the highest ranked Proposal. Such negotiations may include modifications to the Proposal. If any such agreement cannot be successfully negotiated with the Proposer with the highest ranked Proposal to the satisfaction of the Department, or if, in the course of negotiations, the Department deems that the highest ranked Proposal will not provide the Department with the anticipated benefit, the Department will formally end negotiations with the Proposer and, in the Department's sole discretion, either:

- 1) Reject all Proposals
- 2) Modify the Request for Proposals and request a new submission of Proposals
- 3) Attempt to negotiate an agreement to the Proposer with the next highest ranked Proposal
- 4) Discontinue the project indefinitely

Competitively Negotiated Procurement Process

The use of a competitively negotiated procurement process will typically be divulged in the Request for Proposals; however, in the event that (1) multiple Proposers have provided Proposals that are deemed comparable in value by the Evaluation Committee, or (2) the Department deems that it is in the best interest of the Department or the public to do so, the Department may elect to competitively negotiate with two or more Proposers any time after the evaluations of the Proposals. Such negotiations may include modifications to the Proposals. The Department may competitively negotiate with all Proposers or with only those deemed by the Evaluation Committee to be within a competitive range.

AGREEMENTS

The Department may enter into one or more agreements with the successful Proposer. The agreements may be interim, covering primarily project development or preconstruction activities, comprehensive development agreements, financing agreements, operating agreements, or any other agreement appropriate to the project.

The Department may seek policy, legal, financial, and/or technical advice as may be needed to successfully negotiate or execute the agreement(s).

The agreements may include, but not be limited to the following items:

- 1) Appropriation of responsibilities among parties
- 2) Allocation of risk among parties
- 3) Allocation of resources and costs among parties
- 4) Allocation of cost overruns
- 5) Penalties for non-performance
- 6) Incentives for performance
- 7) Invoicing and payment procedures
- 8) Bonding and insurance requirements
- 9) Limitations on user fees
- 10) Revenue sharing
- 11) Encroachment agreements
- 12) Environmental documentation (NEPA, permitting, etc.) requirements
- 13) Asset management requirements
- 14) Hand back provisions and expectations
- 15) Costs for third party constraints such as railroads and utility companies
- 16) Cooperation with other existing or planned facilities
- 17) Rights-of-Way dedicated and the Department's use of eminent domain
- 18) Planning, development, design, construction, operation and maintenance standards
- 19) Submittal requirements
- 20) Inspection requirements and rights
- 21) Terms of reimbursement for services provided by the Department
- 22) Maximum rate or return on investment
- 23) Default of contract provisions
- 24) Force Majeure
- 25) Liability for personal injury, facility repair and unknown hazardous waste remediation
- 26) Record retention and audit requirements
- 27) Submission and review of financial statements
- 28) Other requirements suitable to the type, size, complexity, and duration of the contract

Execution of the agreement(s) shall be subject to the concurrence of the Secretary of Transportation and the Board of Transportation. Execution of the Agreement(s) is also dependent on all necessary federal actions.

STIPEND

If applicable, the notice of a stipend and the amount of the stipend will be made available to all prospective Proposers. This stipend may be made as partial compensation for each unsuccessful shortlisted Proposer that submits a responsive Proposal. The stipend will be determined on a project

specific basis and will be based on both the project size and complexity. No additional compensation will be made by the Department for the development of Letters of Interest, Statements of Qualifications, Proposals, Negotiations, or any type of agreement.

PROTECTION AGAINST DISCLOSURE

All Statements of Qualifications, Letters of Interest and Proposals submitted to the Department become the property of the Department upon their submission and may be, except as provided by North Carolina law, subject to the Public Records Act. If a Proposer wishes to provide the Department with information that the Proposer believes constitutes a trade secret, proprietary information or other information exempt from disclosure, the Proposer shall specifically designate that information as such in its Proposal. Further, the Proposer shall identify the statute on which the confidential status is claimed as well as the specific material that the Proposer believes is confidential under that statute.

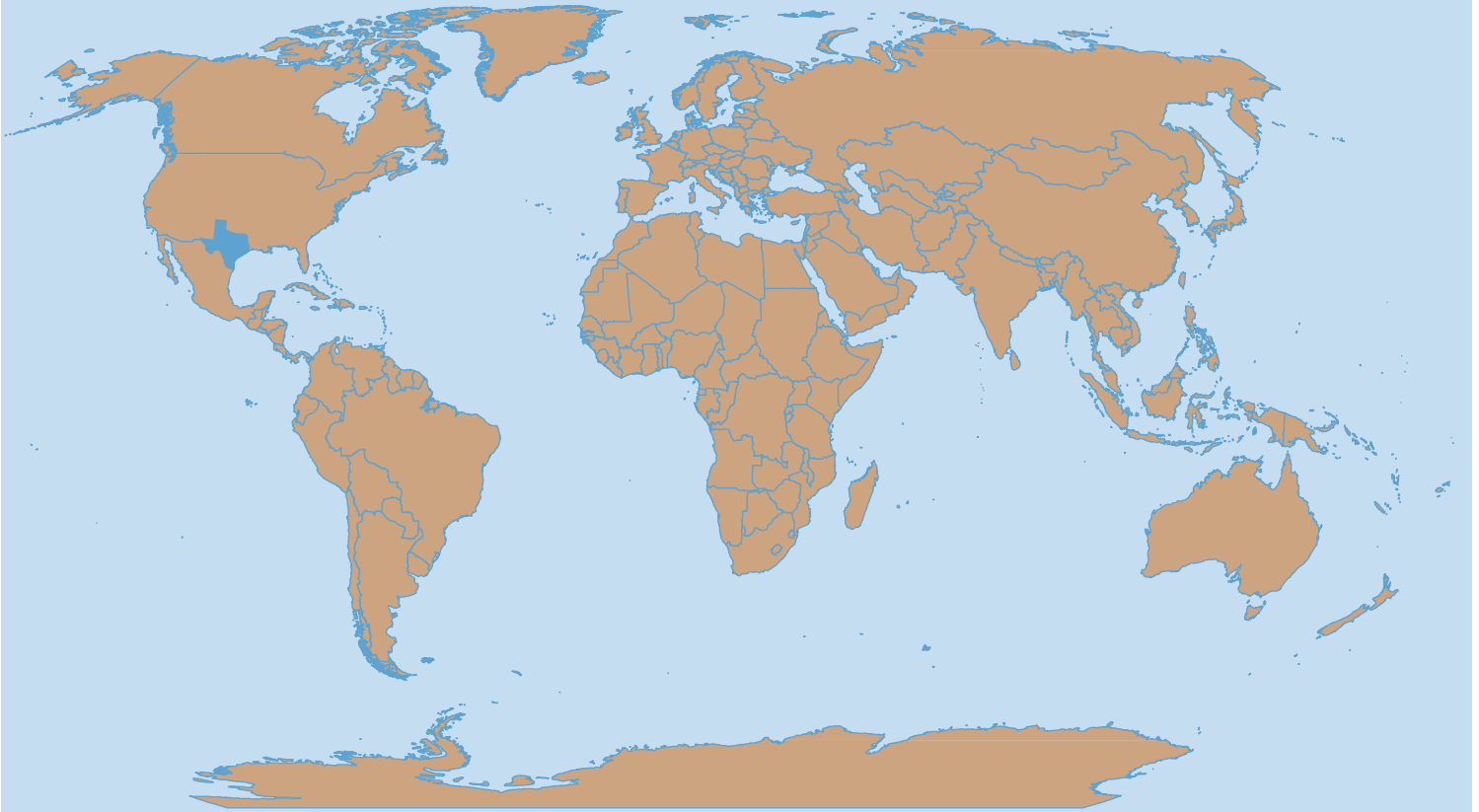
The Proposer's designation shall not be determinative of the trade secret, proprietary, or exempted nature of the information so designated as a matter of law.

RESERVATIONS

The Department reserves all rights available to it by law in administering these policies and procedures, including without limitation the right in its sole discretion to:

- 1) Withdraw a Request for Qualifications or a Request for Proposals at any time and either issue a new request or suspend the solicitation indefinitely.
- 2) Reject any and all Statements of Qualifications, Letters of Interest or Proposals at any time.
- 3) Terminate evaluation of any and all Statements of Qualifications, Letters of Interest, or Proposals at any time.
- 4) Issue a Request for Qualifications and Request for Proposals for competing proposals for any project presented to the Department in the form of an Unsolicited Proposal.
- 5) Suspend, discontinue, or terminate negotiations with any Proposer at any time prior to the actual authorized execution of a final development agreement by all parties.
- 6) Negotiate with a Proposer or Proposers without being bound by any provision in its Proposal.
- 7) Negotiate with a Proposer to include in the development agreement any aspect of unsuccessful Proposals.
- 8) Request or obtain additional information about any Technical Proposal from any source at any time.
- 9) Modify or issue addenda to any Request for Qualifications or Request for Proposals at any time, including after review of competing Proposals.
- 10) Permit or request clarifications or supplements to Statements of Qualifications and Proposals, either for responsive or non-responsive Proposals.
- 11) Information provided to Proposers is done so for convenience and is without representation or warranty of any kind.
- 12) Amend, supercede, or supplement any part of these Policy and Procedures, provided the amendment or supplement is clearly denoted in the Request for Qualifications or Request for Proposals as appropriate.

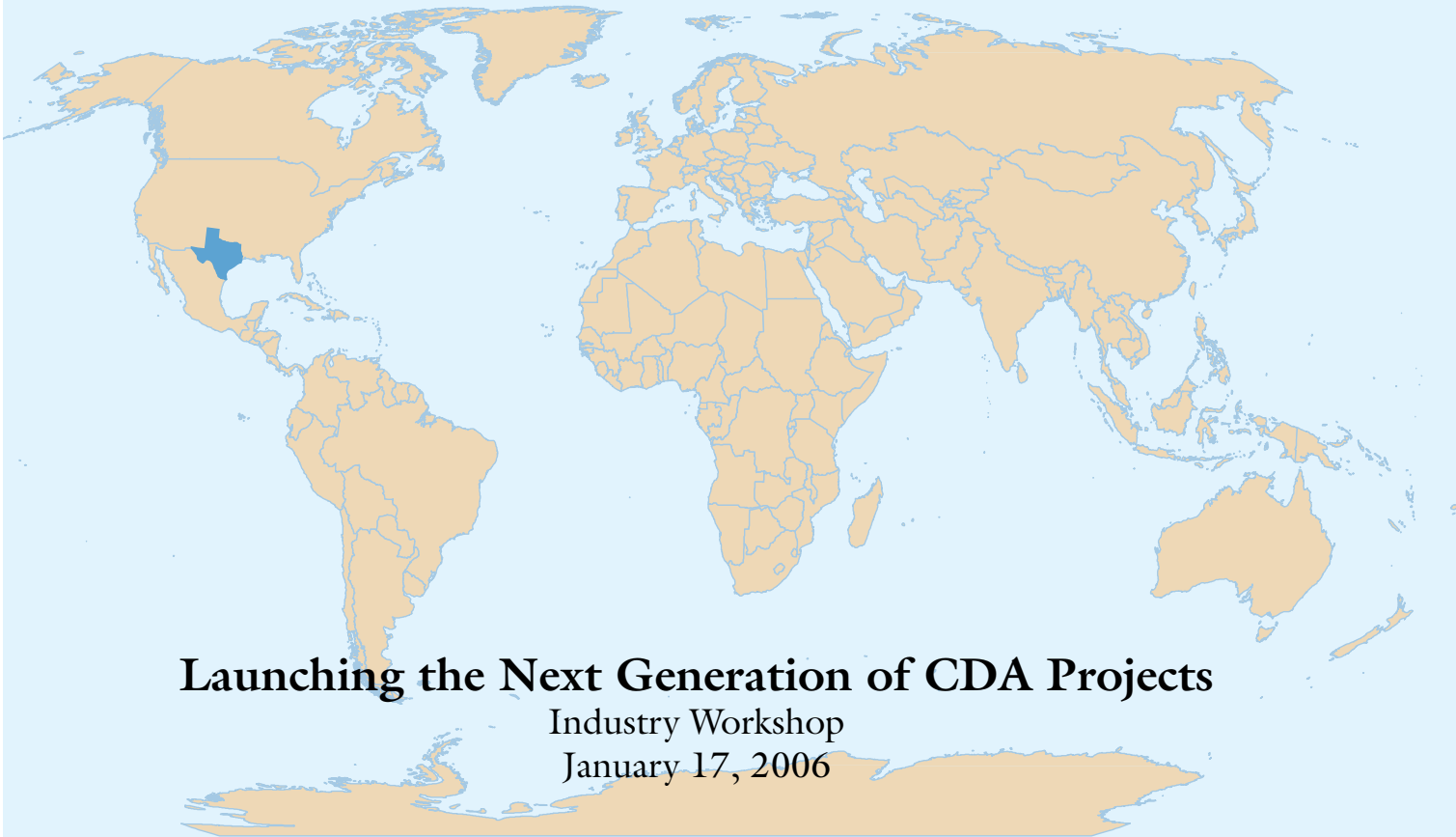
Texas



Launching the Next Generation of CDA Projects

Industry Workshop
January 2006
Capitol Auditorium
E1.004
Austin, Texas





Launching the Next Generation of CDA Projects

Industry Workshop

January 17, 2006

Capitol Auditorium

E1.004

- 8:30 a.m. **Welcome**
 Amadeo Saenz, TxDOT, Assistant Executive Director for Engineering Operations
- Opening Remarks**
 Ted Houghton, Texas Transportation Commissioner
- Background**
 Amadeo Saenz
- 9 a.m.* **The CDA Program in Texas**
 Approach to Launching CDA Projects
 CDA Program Master Schedule
 Phillip Russell, TxDOT, Director of the Texas Turnpike Authority Division
- 10:40 a.m. **Programwide CDA Business Terms**
 Evaluating CDA Proposals
 Future Workshops
 James Bass, TxDOT, Chief Financial Officer
- Q&A**
 Amadeo Saenz
- Closing Remarks**
 Ric Williamson, Chair, Texas Transportation Commission

* There will be a 20-minute break during this session.

All times are in Central Standard Time.

New Opportunity

TTC-69

Project Description: Extends from Texarkana/Shreveport to Mexico (possibly the Rio Grande Valley or Laredo) and is roughly 650 miles long.

Anticipated Date Action

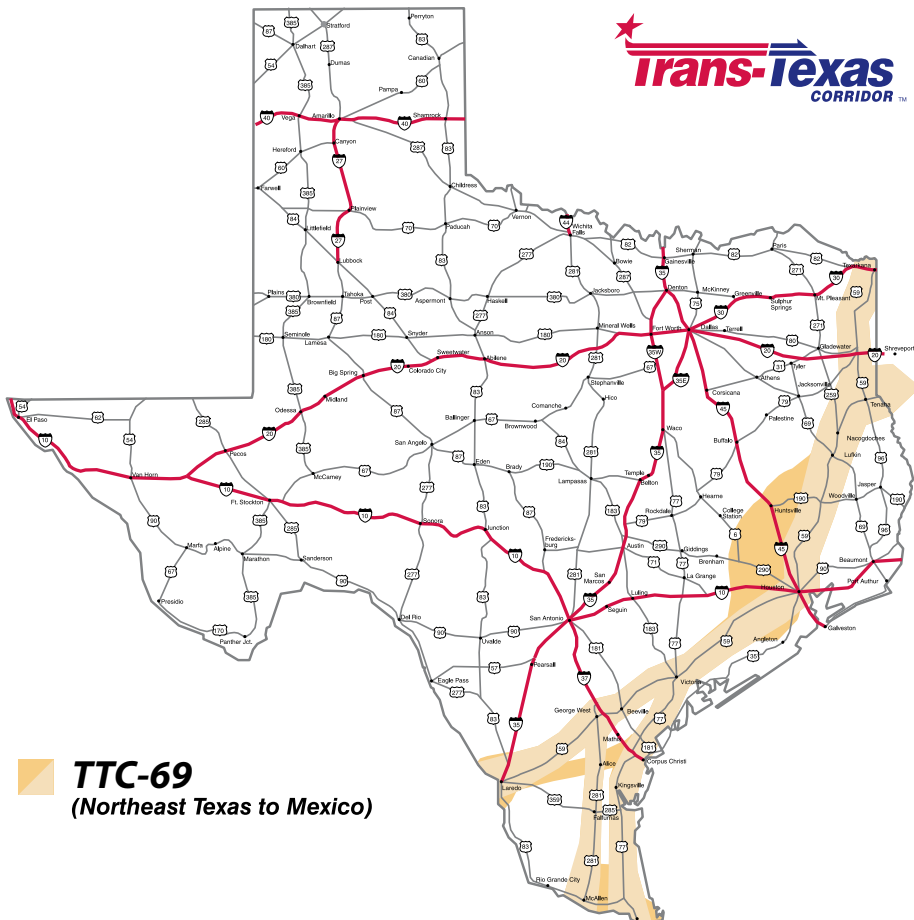
Spring 2006 Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications

Summer 2006 TxDOT evaluation

Winter 2007 Authorization by the Texas Transportation Commission to issue request for detailed proposals

Summer 2007 TxDOT evaluation

Fall 2007 Selection of best-value proposal



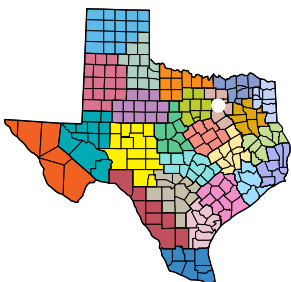
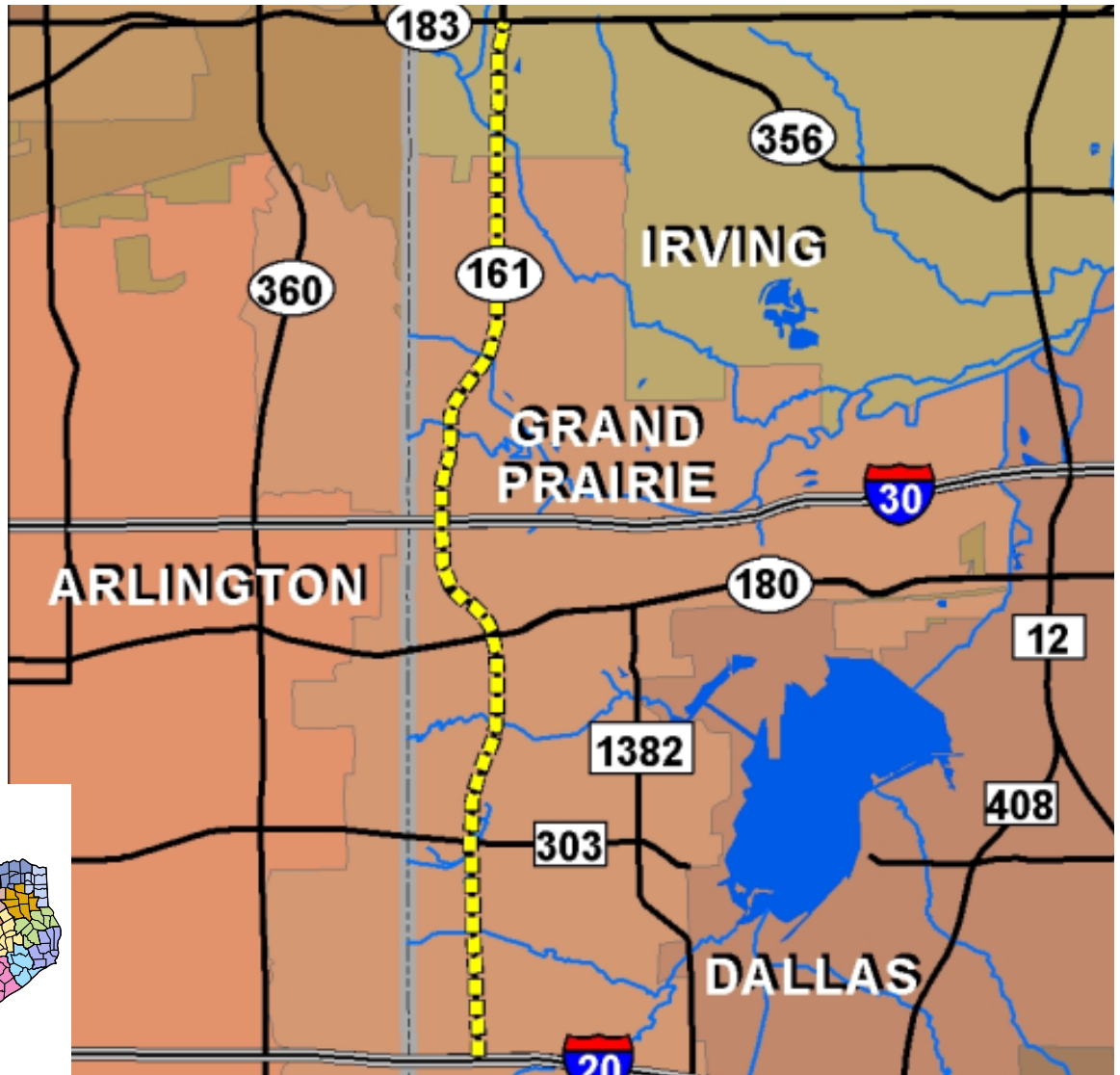
New Opportunity

SH 161

(Dallas County)

Project Description: Proposed toll road from SH 183 south to I-20.

Date	Action
August 1, 2005	Unsolicited proposal submitted by AECOM
Action pending	Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications
Action pending	TxDOT issues request for competing proposals and qualifications
Action pending	Deadline to submit competing proposals and qualifications
Action pending	TxDOT evaluation & short list of teams
Action pending	Authorization by the Texas Transportation Commission to issue request for detailed proposals
Action pending	TxDOT issues request for detailed proposals
Action pending	Deadline to submit detailed proposals
Action pending	TxDOT evaluation
Action pending	Selection of best-value proposal



Existing Project

SH 121

(Collin and Denton Counties)

Project Description: Business SH 121 to US 75 in Denton and Collin counties.

Date	Action
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January 7, 2005	Unsolicited proposal submitted by Skanska BOT
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February 24, 2005	Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications
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March 25, 2005	TxDOT issued request for competing proposals and qualifications
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June 23, 2005	Deadline to submit competing proposals and qualifications
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Proposals submitted:

- Skanska BOT*
- Macquarie Infrastructure Group*
- Texas Toll & Power, LP
- Cintra*
- Pioneer Heritage Partners*

July 26, 2005	TxDOT completes evaluation and announces short list of teams (*see list above)
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Action pending	Authorization by the Texas Transportation Commission to issue request for detailed proposals
----------------	--

Action pending	TxDOT issues request for detailed proposals
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Action pending	Deadline to submit detailed proposals
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Action pending	TxDOT evaluation
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Action pending	Selection of best-value proposal
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Existing Project

I-635 Managed Lane Project

(Dallas County – LBJ Freeway)

Project Description: Construct a corridor of tolled managed lanes from Luna Road to US 80, approximately 21 miles. This includes lanes within the right of way of I-635 with elevated road sections and direct connector ramps, as well as improvements to a continuous frontage road system.

Date	Action
April 28, 2005	Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications
May 23, 2005	TxDOT issued request for competing proposals and qualifications
September 22, 2005	Deadline to submit qualification proposals
	Proposals submitted: <ul style="list-style-type: none"> • Dragados-Zachry Partnership* • Macquarie 635 Partnership* • Cintra* • Dallas Mobility Link*
November 22, 2005	TxDOT completes evaluation and announces short list of teams (*see list above)
Action pending	Authorization by the Texas Transportation Commission to issue request for detailed proposals
Action pending	TxDOT issues request for detailed proposals
Action pending	Deadline to submit detailed proposals
Action pending	TxDOT evaluation
Action pending	Selection of best-value proposal

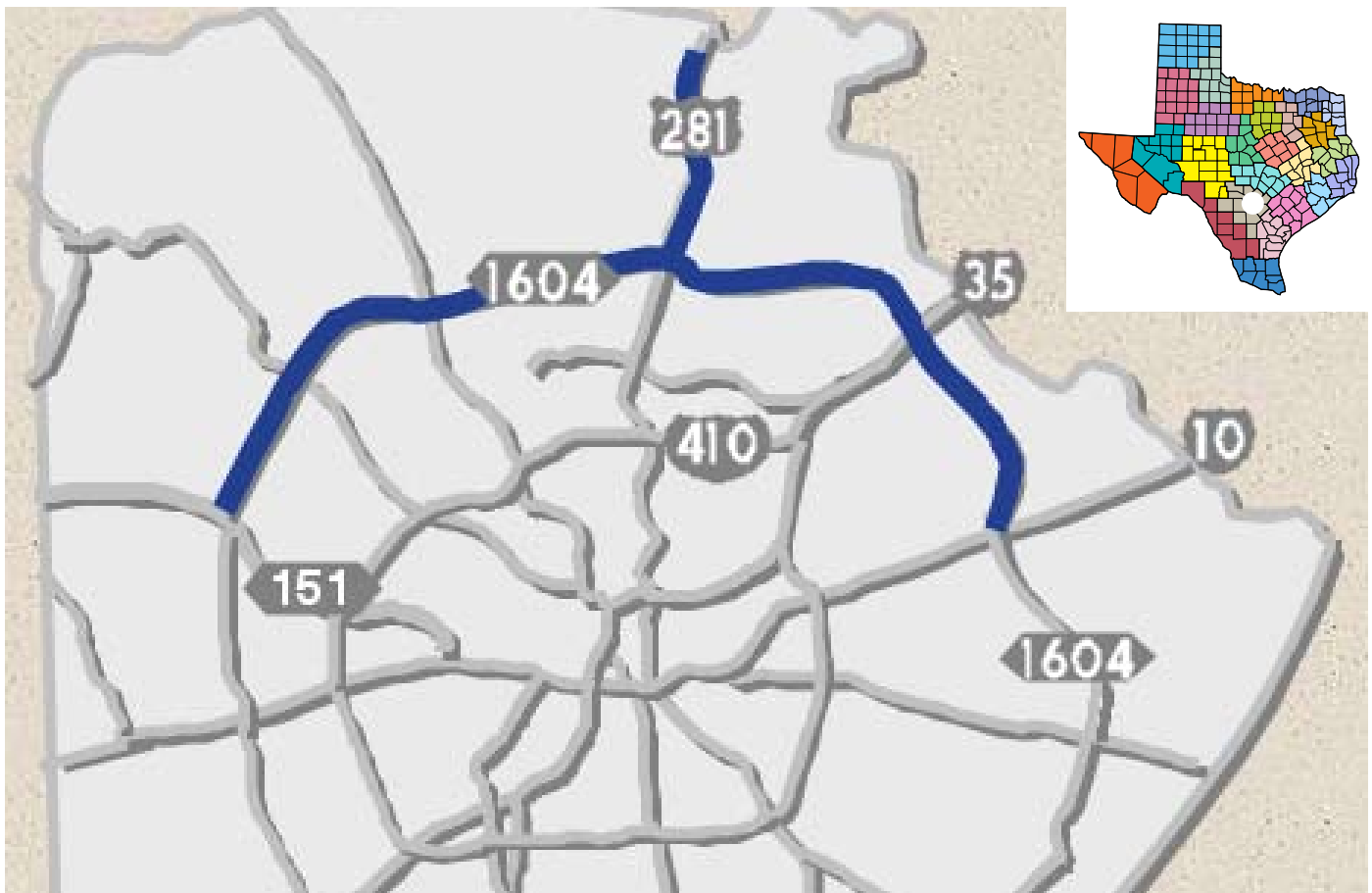


Existing Project

US 281 – Loop 1604 Toll Project (Bexar County)

Project Description: Toll lanes on Loop 1604 from SH 151 to I-10 and US 281 from Stone Oak to Borgfeld Road. Includes interchanges at US 281, I-10, SH 151 and I-35.

Date	Action
April 27, 2005	Unsolicited proposal submitted by Zachry American and Cintra
June 30, 2005	Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications
July 29, 2005	TxDOT issued request for competing proposals and qualifications
October 27, 2005	Deadline to submit competing proposals and qualifications Proposals submitted: <ul style="list-style-type: none">• Cintra Zachry*• Macquarie 1604 Partnership*
January 11, 2006	TxDOT completes evaluation and announces short list of teams (*see list above)
Action pending	Authorization by the Texas Transportation Commission to issue request for detailed proposals
Action pending	TxDOT issues request for detailed proposals
Action pending	Deadline to submit detailed proposals
Action pending	TxDOT evaluation
Action pending	Selection of best-value proposal



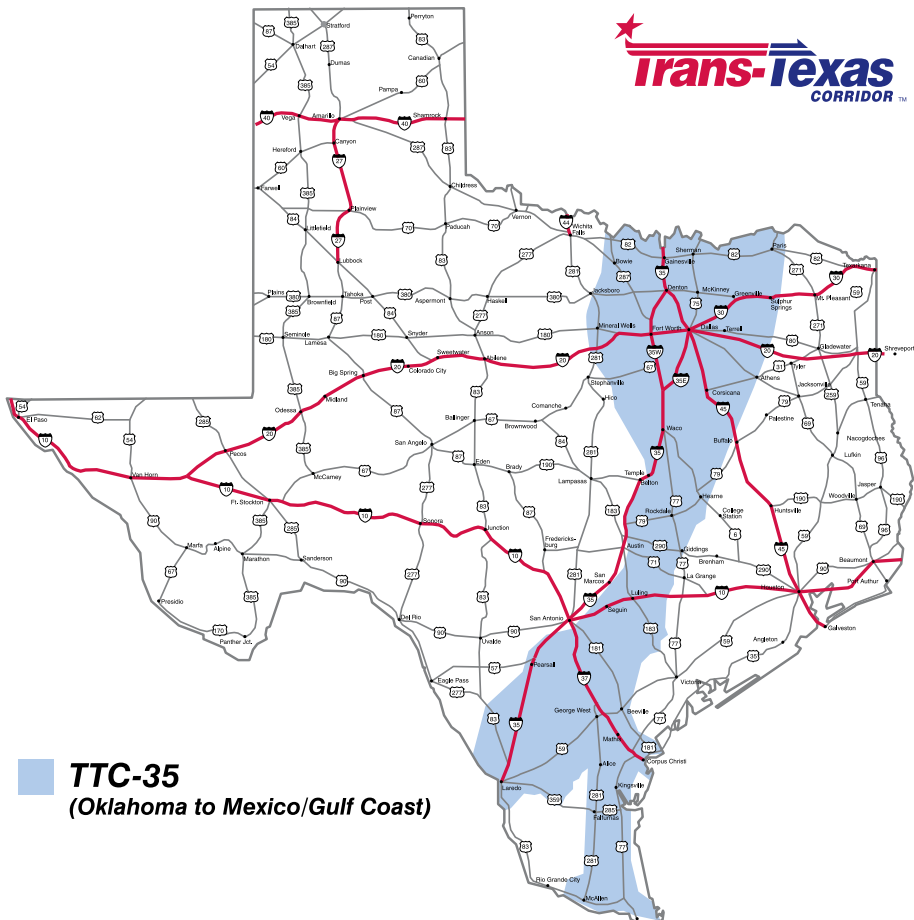
Existing Project

TTC-35

Project Description: Parallel to I-35, I-37 and proposed I-69 from the Denison area to the Rio Grande Valley and is roughly 800 miles long.

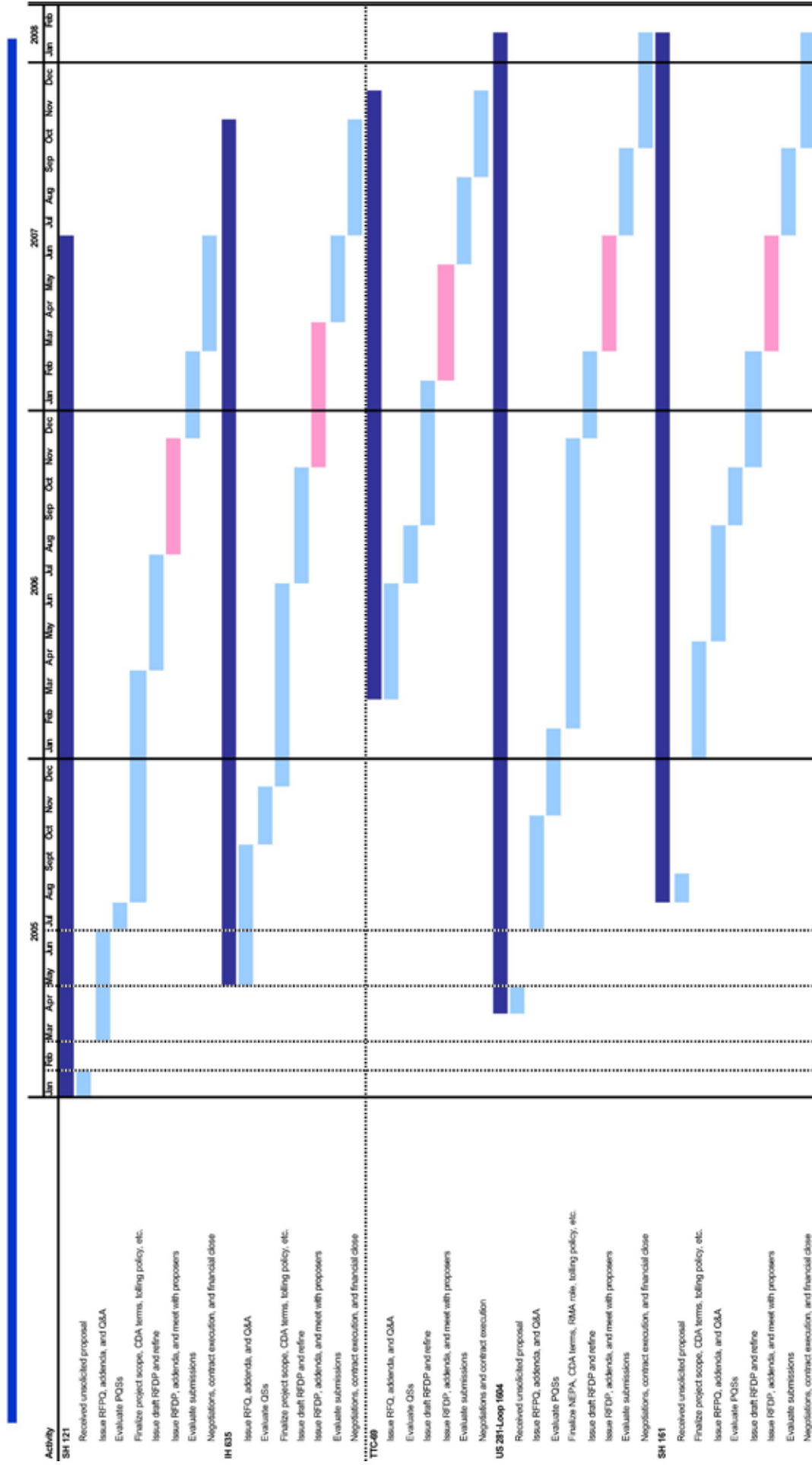
Date Action

- November 12, 2002 Unsolicited proposal submitted by Fluor Enterprises, Inc.
- June 26, 2003 Authorization by the Texas Transportation Commission to issue request for competing proposals and qualifications
- July 25, 2003 TxDOT issued request for competing proposals and qualifications
- September 23, 2003 Deadline to submit competing proposals and qualifications
- Proposals submitted:
- Cintra-Zachry
 - Fluor Enterprises
 - Trans-Texas Express
- October 29, 2003 TxDOT completes evaluation and all three advance to the short list
- April 29, 2004 TxDOT issues request for detailed proposals
- August 23, 2004 Deadline to submit detailed proposals
- Fall 2004 TxDOT evaluation
- December 16, 2004 Texas Transportation Commission approves selection of Cintra-Zachry as developer





Master Schedule



TxDOT has created a master schedule to effectively manage the CDA program – one that will continue to evolve as additional CDA projects are assessed



TxDOT CDA Program

Launching the Next Generation of CDA Projects

January 17, 2006



Purpose of Today's Workshop



- Provide a summary of TxDOT's overall CDA Program
- Provide an update on programwide developments
- Announce two new project opportunities
- Highlight key business terms for CDA projects

Agenda



8:30	Introduction	Amadeo Saenz
8:45	Opening remarks	Commissioner Ted Houghton
8:50	Background	Amadeo Saenz
9:00*	The CDA program in Texas	Phil Russell
	Approach to launching CDA projects	
	CDA program master schedule	
10:40	Programwide CDA business terms	James Bass
	Evaluating CDA proposals	
	Future workshops	
11:20	Questions and answers	Amadeo Saenz
11:55	Closing remarks	Commissioner Ric Williamson

* There will be a 20-minute break during this session

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Background



CDAs Defined



- House Bill 2702 of the 79th Legislature defines the scope of a “Comprehensive Development Agreement”
- Legislation provides TxDOT with tremendous flexibility
 - May include all services
 - May be applied on a variety of projects
 - Leverage public AND private funds
 - Significant contract term

Texas has implemented the legislative framework necessary to support effective project delivery in a “PPP” model

5

Applying the CDA Concept



- A strategic business partnership for developing a corridor
- Individual projects
 - The concession model is the preferred approach
 - Other PPP models will also be considered
 - DB
 - DBM
 - DBOM
 - DBFO
 - Pre-development agreements will also be contemplated

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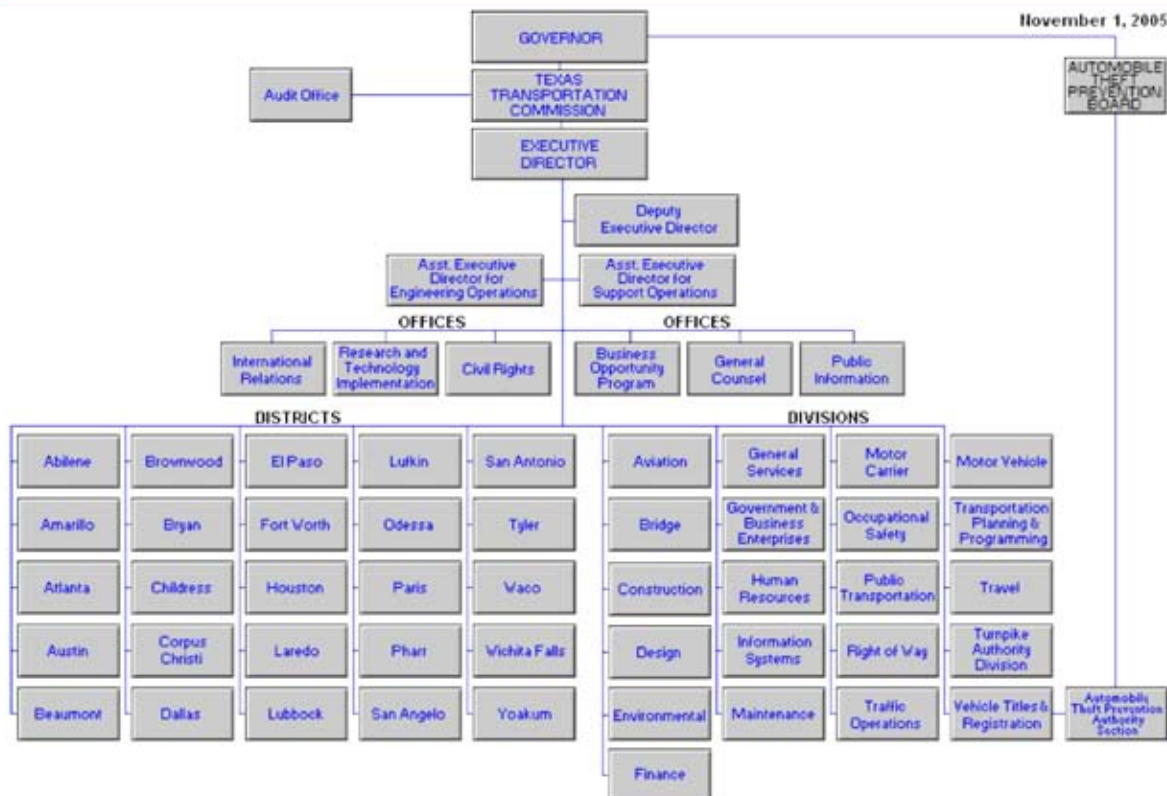
Example: TTC-35



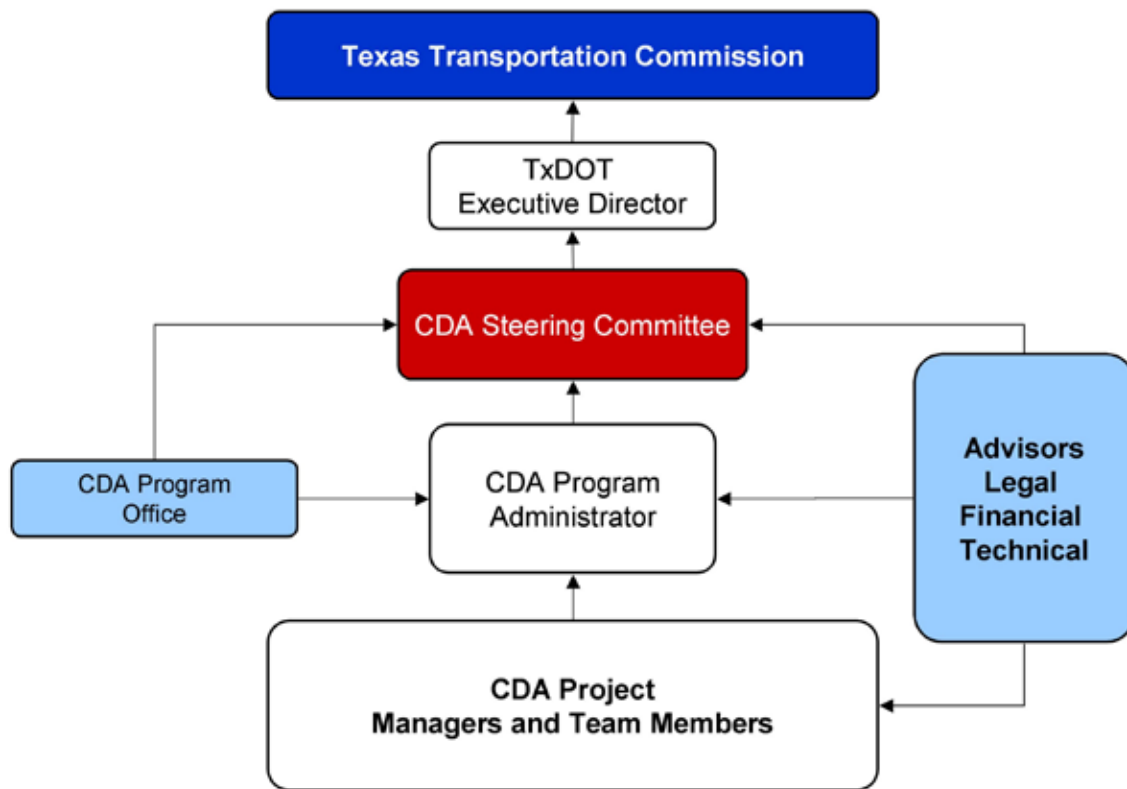
- Strategic business partnership with Cintra-Zachry
 - Transportation corridor stretching from Oklahoma to Mexico
- CZ will create a master development plan
 - Several projects will be identified
- TTC-35 projects will be implemented in a number of ways:
 - Competitive procurements as a CDA
 - Direct negotiation with CZ
 - Traditional project delivery

The development plan for the TTC-35 corridor will be released October 2006 and will create several new CDA project opportunities for the market

TxDOT's Organization



TxDOT's CDA Organization



9

A Program Perspective



- A programwide view to CDAs will:
 - Provide greater efficiency and consistency in procurement
 - Reduce developer bid costs and due diligence requirements
 - More standardized terms and associated contract documents
 - Streamlined procurement process
 - Incorporate lessons learned

The emerging CDA program in Texas will bring consistent, familiar, and predictable deal flow to the market

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The CDA Program in Texas



Our Work to Date



- Assigned appropriate resources
 - Developed a program management structure
 - Assigned dedicated project managers
 - Engaged external advisors
- Developed program wide provisions
 - Key business terms
 - Technical provisions
 - Performance-based approach

Our Work to Date (cont'd)



- Developed a CDA screening process
- Created an initial CDA project master schedule
 - Will continue to evolve as the program matures
- Defined conflict-of-interest guidelines
 - Visit: <http://www.dot.state.tx.us/business/turnpikeconsultinfo.htm>

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TIFIA



- TxDOT will take the lead
- To facilitate TIFIA, a single SEP-15 application has been filed for three specific projects
 - Requesting exception to TIFIA application procedures
- TxDOT may look into TIFIA for additional projects
- Visit: <http://tifa.fhwa.dot.gov>

*The TIFIA Program provides an effective means of financing CDA projects
– TxDOT is committed to working with FHWA and developers to make
these funds available where appropriate*

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PABs



- SAFETEA-LU authorized the use of up to \$15 billion for surface transportation purposes
 - Visit: <http://www.fhwa.dot.gov/safetealu/index.htm>
- TxDOT analyzing opportunities to apply PABs on project-by-project basis
- TxDOT will be the conduit issuer for PABs
- TxDOT will work with bidders to determine the appropriate amount by project

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Continuing Efforts



- Refining programwide approach to tolling
 - RFI issued, responses expected early February
 - Incorporate industry views into an overall vision for tolling on CDA projects
 - Visit:
<http://www.dot.state.tx.us/business/turnpikeconsultinfo.htm>
- Continuing to finalize role of other organizations in TxDOT CDAs
 - MOU with NTTA
 - Availability of Raytheon as a toll system integrator

TxDOT has made great strides in developing the underpinnings of a successful CDA program – creating the framework, tools, and standards that will be applied across all CDAs

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Approach to Launching CDA Projects



Overview



- Prospective CDA projects may be initiated as follows:
 - Project nominations – including:
 - TxDOT-identified and defined projects
 - Projects identified by local communities/regions
 - Unsolicited proposals from developers

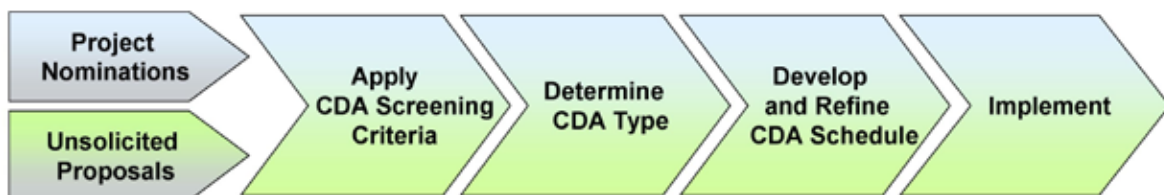
CDA Screening Process



- Projects will be “screened” for suitability as a CDA
- Provide a more effective and structured approach to:
 - Assessing potential projects and proposals
 - Selecting and scheduling projects

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Overview of the Methodology



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CDA Screening Criteria



- System Interface
- Technical
- Operations and Maintenance
- Financial
- Acceptability
- Implementation
- Timing/Schedule

The CDA screening criteria effectively define the information requirements for CDA project candidates

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Unsolicited Proposals



- Unsolicited proposals are encouraged
- Requirements
 - Must be submitted in the required format
 - Must be substantive
- The programwide schedule will be adjusted to accommodate an unsolicited proposal as appropriate

The new CDA screening process will allow TxDOT to efficiently and effectively evaluate unsolicited proposals

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CDA Program Master Schedule



CDA Projects



- Prospective projects – derived from various sources:
 - TTC-35 Master Development Plan
 - Freight Mobility Plan
 - Existing District/Region nominations
- Two new projects
- Existing projects

District Nominations – Examples



- I-35NE (1 & 2)
- Wurzbach Pkwy
- US 281N
- I-10W
- SH 288
- SH 249
- I-69
- US 290
- SH 99
- The Funnel
- SH 360
- Harbor Bridge
- Port to Port
- SH 161

These, and other projects, are currently being assessed for suitability and priority by TxDOT – the results of this analysis will be presented at an upcoming workshop

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TxDOT's Newest Projects



- TxDOT continues to move forward with new opportunities
- Two new CDA projects will be launched over the next 3-4 months
 - TTC-69
 - SH 161

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TTC-69 Procurement

- High priority project – expected to be initiated in March 2006
- Seeking long-term strategic business partner
 - Similar in nature to the TTC-35 project
- Tier 1 environmental approval expected by fall of 2007
- Project Manager: Jack Heiss, TTA
- Visit: <http://www.keeptexasmoving.org>

SH 161



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SH 161 Procurement



- Unsolicited proposal received August 2005
- Frontage roads are currently being constructed
- Procurement expected to be initiated with RFPQ in May 2006
- Project Manager: Diana Vargas, TTA

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TxDOT's Existing Projects



- The CDA program has evolved based on experience with initial projects
- Existing CDA projects include:
 - SH 121
 - I-635 (LBJ Freeway)
 - US 281- Loop 1604
 - I-820 - SH 183

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SH 121



- Four proposers shortlisted on July 26, 2005
- The project will include both Denton and Collin County segments
- Current construction activities in Denton County
 - Initial segments expected to be complete by June 2006
 - Subsequent segments expected to be complete by February 2008
- Investment grade T&R data expected to be available within the next 2-3 months
- Project Manager: Doug Woodall, TTA

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SH 121 – Anticipated Timing



- By April 2006...
 - Finalize project scope and technical provisions
 - Develop project-specific CDA terms
 - Establish tolling policy and rate structure
 - Create RFDP and issue for industry review
- By August 2006...
 - Finalize RFDP based upon industry review
- By December 2006...
 - Receive proposals from shortlisted proposers
- By March 2007...
 - Evaluate submissions and select
- By July 2007...
 - Complete negotiations, execute the contract and achieve financial close

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I-635



- Four proposers shortlisted on November 22, 2005
- Project is environmentally approved
- Continuing to assess the project
 - Refining overall scope – value engineering in progress
 - Confirming availability of public funds to support the project
- Project Manager: John Hudspeth, Dallas District

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I-635 – Anticipated Timing



- By August 2006...
 - Complete value engineering and finalize project scope
 - Develop technical provisions
 - Develop project-specific CDA terms
 - Establish tolling policy and rate structure
 - Create RFDP and issue for industry review
- By November 2006...
 - Finalize RFDP based upon industry review
- By April 2007...
 - Receive proposals from shortlisted proposers
- By July 2007...
 - Evaluate submissions and select
- By November 2007...
 - Complete negotiations, execute the contract and achieve financial close

35

US 281 - Loop 1604



- Two proposers shortlisted
- Environmental re-assessment underway
- Investment grade T&R data expected to be available within the next 4-5 months
- Project Manager: Robert Stone, TTA

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US 281 - Loop 1604 – Anticipated Timing



- By December 2006...
 - Complete environmental re-evaluation
 - Finalize project scope and technical provisions
 - Develop project-specific CDA terms
 - Establish tolling policy and rate structure
 - Create RFDP and issue for industry review
- By March 2007...
 - Finalize RFDP based upon industry review
- By July 2007...
 - Receive proposals from shortlisted proposers
- By October 2007...
 - Evaluate submissions and select
- By January 2008...
 - Complete negotiations, execute the contract and achieve financial close

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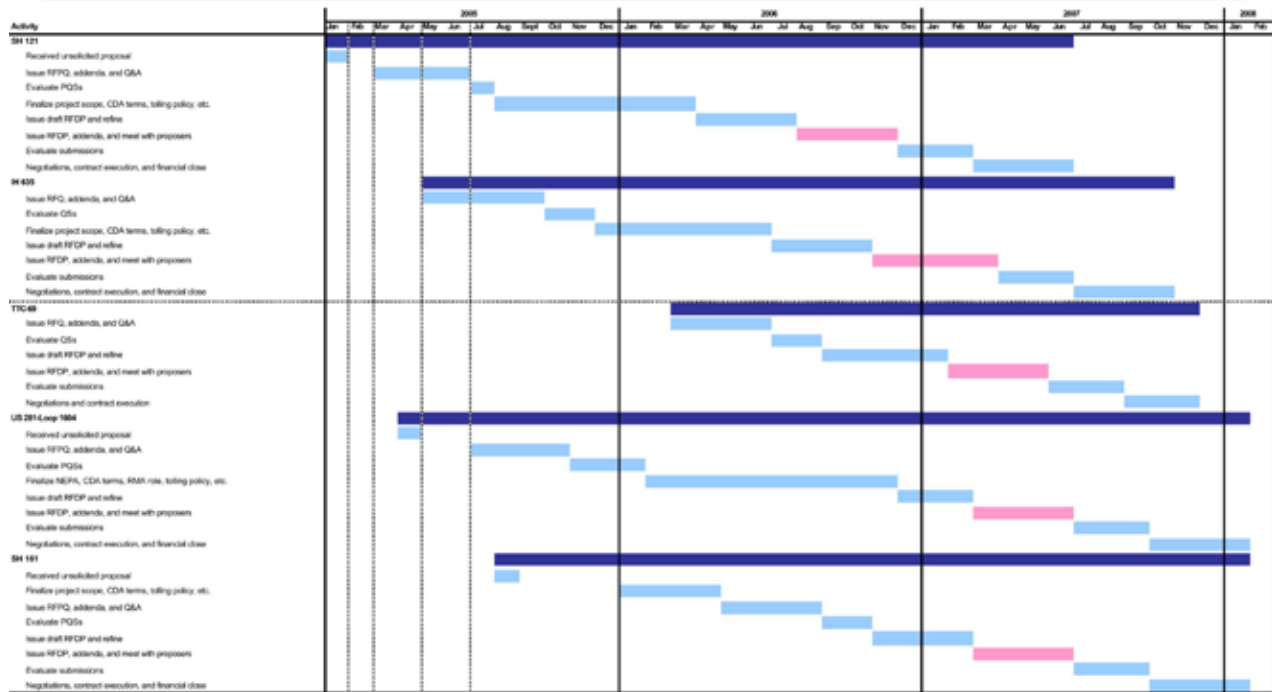
I-820 - SH 183



- Four proposers shortlisted
- Two key challenges with the project
 - Environmental approvals process timing
 - Financial feasibility
- TxDOT has elected to cancel the procurement
 - After further analysis, internal discussions and consultation with proposers
- Continuing to pursue feasible project alternatives

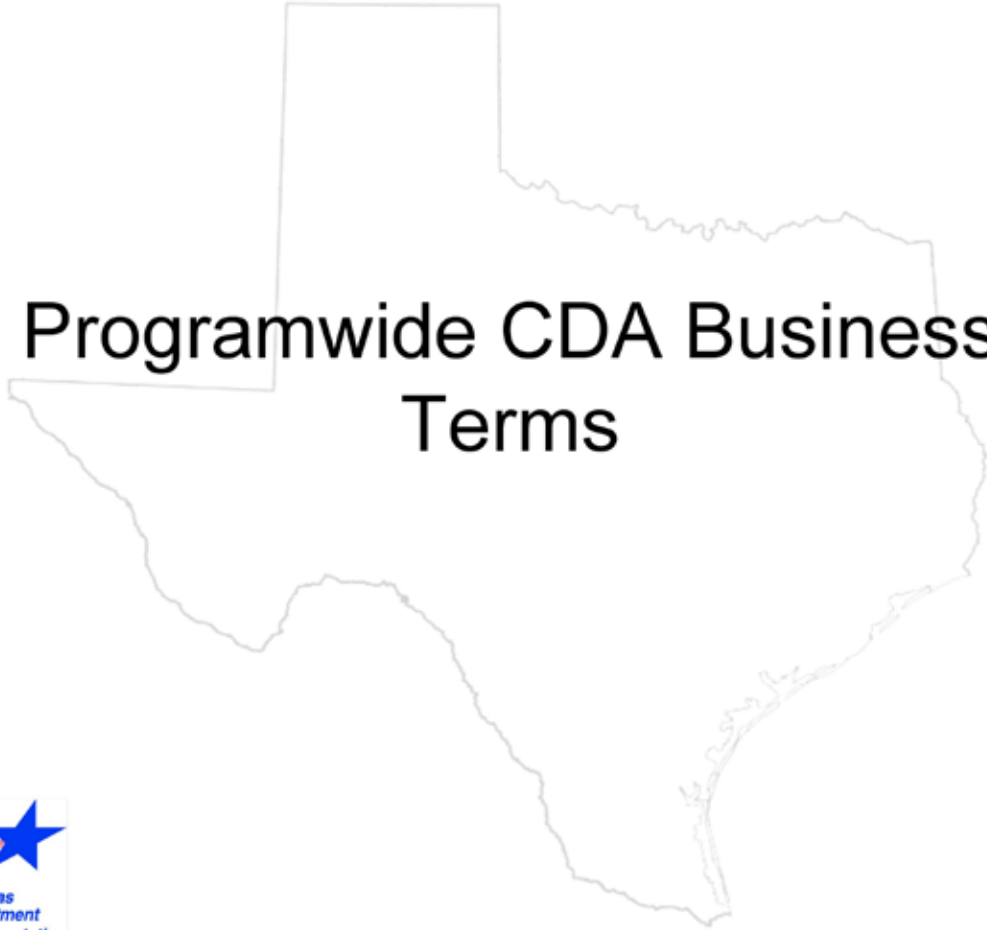
38

Master Schedule



TxDOT has created a master schedule to effectively manage the CDA program – one that will continue to evolve as additional CDA projects are assessed

Programwide CDA Business Terms



Overview



- TxDOT has developed an initial framework for the key business terms for the CDA projects
- Predicated on market standards
- Designed to provide developers with a general overview of risk allocation for CDAs
 - Initial efforts have focused on “revenue positive” projects

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Overview (cont'd)



- Key terms include:
 - General
 - Developer compensation
 - TxDOT compensation
 - Tolling
 - Refinancing
 - Design and Construction
 - Operations and Maintenance
 - Compensation
 - Termination

The programwide CDA business terms for roadway concessions are intended to provide a framework for each initiative – but will be modified to fit specific project requirements

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General Terms



- Concession term
 - From service commencement date
 - Term tailored to fit the project characteristics
 - Trans-Texas Corridor – maximum term: 50 years
 - Others – up to 70 years

- Restrictions on Developer change of control
 - Within first five years following commencement of operations on the entire project

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Compensation



- Developer compensation
 - Developer will have exclusive right to the toll revenue stream

- TxDOT compensation
 - Concession fee in the form of upfront payment
 - Some form of revenue sharing
 - Banding arrangement above base case returns
 - Banding based on traffic flows and/or gross revenues

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Tolling



- 100% electronic tolling
- Toll rate framework
 - Conventional projects – tolls rates capped
 - Managed Lane – overall toll rates capped, but allow congestion pricing
- Toll rate escalation
 - Annual adjustments
 - Linked to annual changes in CPI and/or Gross State Product and/or potentially other specified index

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Design and Construction



- Design risk – Developer
- Statutory Approvals risk
 - Environmental (NEPA – TxDOT)
 - Others – Developer
- Existing asset risk – Developer
- Site condition risk – Developer
- Right of way acquisition risk – Developer
- Construction oversight
 - Role of Independent Engineer

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Operations and Maintenance



- O&M Standards and Requirements
 - Non-discriminatory changes – Developer risk
 - Discriminatory changes – TxDOT risk
- Renewal Work Funding
- Capacity Improvements
- Technology Enhancements

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Changes



- Relief Events
 - Time extension, no compensation
 - Carve out for change in law, TxDOT standards, technical provisions
- Compensation Events include:
 - Discriminatory change in law
 - TxDOT breach of obligations
 - Competing facility
- Compensation payments – to put Developer in no better, no worse position
- TxDOT may share in refinancing gains

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Termination



- Handback – at end of lease at no cost to TxDOT
- Voluntary termination / TxDOT default
- Developer default

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Feedback



- We welcome your feedback on the programwide business terms
 - A summary will be provided as you leave
- Provide written comments by February 7, 2006 to:
TTA_TTA-mail@dot.state.tx.us

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Evaluating CDA Proposals



Responding to TxDOT CDAs



- Typically a two-stage procurement
- Qualifications stage
 - Request for Qualifications – solicited
 - Request for Competing Proposals and Qualifications – unsolicited
- Request for Detailed Proposals will include:
 - Instructions to Proposers
 - Comprehensive Development Agreement
 - Technical Provisions
 - Reference Documents

Approach to Evaluation



- Concession, DBFO
 - Price/value
 - Firm Financial Plan
 - Development Plan
- Design-Build, Design-Build-Maintain
 - Fixed Price
 - Other factors (schedule, technical approach, safety, etc.)
- Strategic Business Partner
 - Qualifications, Conceptual Development Plan, Conceptual Financial Plan
 - Price for pre-development work

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Evaluation and Selection Process



- Evaluation process participants
 - Project Steering Committee
 - Evaluation & Selection Recommendation Committee
 - Subcommittees
- Selection of best value proposer followed by negotiations and award
 - Recommendations presented to the Texas Transportation Commission
- Proposals are statutorily confidential during procurement

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Future Workshops



Future CDA Program Workshops



- Topics for future workshops
 - Preliminary assessment and timing of future CDA projects
 - CDA Manual
 - Development of programwide Technical Provisions
 - CDA rule amendments to establish dispute resolution
 - Conflicts of Interest and Ethics Guidelines
 - Policies for integration and coordination with NTTA, HCTRA and RMAs
 - Development of plans, policies and business rules for interoperability of tolled facilities statewide
 - Approach to integrating TIFIA into concession procurements and use of PABs

Partnerships BC

Overview of Partnerships BC

Partnerships British Columbia is a company responsible for bringing together ministries, agencies and the private sector to develop projects through public private partnerships. As a company registered under the *Business Corporations Act*, Partnerships BC is wholly-owned by the Province of British Columbia and reports through its Board of Directors to its shareholder: the Minister of Finance.

Partnerships BC's mandate is to develop partnerships on behalf of public sector agencies. Partnerships BC also serves as the B.C. government's centre of expertise for establishing policies and best practices for successful partnership projects in the province. As part of this advisory role, Partnerships BC provides planning services to public sector agencies wishing to explore innovative options for building and managing public infrastructure.

Our Mission

Partnerships BC evaluates, structures and implements partnership solutions which serve the public interest. The company is committed to commercial viability, transparent operations and achieving wide recognition for its innovation, leadership and expertise in public procurement.

Our Board

The company is overseen and governed by a ten-member Board of Directors, from a variety of industry sectors and technical areas. The Board has significant experience in developing and managing joint-venture projects and partnerships, as well as seasoned knowledge in areas such as finance, law, deal structuring and real estate development.

Our Services

Partnerships BC delivers value to its public sector clients — including ministries, Crown corporations, and municipal governments — by providing core expertise on partnerships in B.C.

Partnerships BC also serves as a resource for the private sector looking for opportunities to invest in B.C.

Partnerships BC will work with clients in early stage analysis by examining the feasibility and viability of a project for a public private partnership.

In addition, Partnerships BC will assist clients with the government approval process and ultimately with the procurement process itself.

Partnerships BC's core business is to:

- Provide specialized services identifying opportunities for leveraging infrastructure and developing public private partnerships;
- Foster a business and policy environment for successful partnerships and related activities by offering a centralized source of knowledge, understanding, expertise and practical experience in these areas; and,
- Manage an efficient and leading edge organization that meets or exceeds performance expectations.

Innovative Projects

Partnerships BC is moving forward with new ideas for infrastructure projects that combine the best of the public and private sectors in the delivery of public services.

The objective is to protect the public interest by maximizing the value of taxpayer dollars. This will be achieved by pursuing projects that harness private sector innovation, encourage competition, and optimize the transfer of risk to the private sector.

Achievements

To date, each completed public private partnership in B.C. has achieved value for money for B.C.'s taxpayers, which includes:

- Quantitative factors such as life-cycle savings; and,
- Qualitative factors such as appropriate risk transfer, innovations from the highly competitive nature of the procurement process, and performance-based contracts that ensure high quality infrastructure and services are provided by the private sector partners.

2010/11–2012/13
SERVICE PLAN

Message from the Chair

I am pleased to present the Service Plan for Partnerships British Columbia Inc. (Partnerships BC or the Company) for the period April 1, 2010 to March 31, 2013. This plan outlines the Company's goals and plans for achieving those goals over the next three fiscal years.

Partnerships BC has established itself as a centre of expertise that is recognized internationally for innovation in the procurement of performance-based infrastructure. The Company continues to build a foundation of experience and has participated in more than 30 partnership projects. These innovative projects are expected to generate significant benefits for taxpayers throughout the term of each agreement. Nine projects, delivered using the design build finance maintain (DBFM) delivery model, are now operational and each project was completed either on or ahead of schedule and within budget. Of the remaining DBFM projects that are currently under construction, all are on or ahead of schedule and on budget. In addition, Partnerships BC has participated in a number of projects that are being delivered using the design build (DB) delivery model. Together, these projects make up a total investment of \$10 billion, of which \$4 billion comes from private capital.

During 2009/10, several projects reached key milestones. Three projects entered the operational stage: the Golden Ears Bridge, which opened two weeks ahead of schedule and within budget; the Canada Line, which opened three and a half months ahead of schedule and within budget; and the Sea-to-Sky Highway Improvement Project, which opened on schedule and within budget. Construction of the new Duchess Park Secondary School in Prince George—a DB project—is nearing completion and will open for students in spring 2010. Construction continues on four health care projects in communities across the province, including: the Kelowna and Vernon Hospitals Project; the Royal Jubilee Hospital Patient Care Tower in Victoria; the Surrey Outpatient Care and Surgery Centre; and the Fort St. John Hospital and Residential Care Project. Construction on the Port Mann/Highway 1 Project continues, progressing slightly ahead of schedule. A final agreement has been reached for the BC Cancer Agency Centre for the North in Prince George, the sixth regional cancer centre in the province. Proposals for the South Fraser Perimeter Road have been received and evaluation is now underway. And finally, a short-list of teams has been announced for the Surrey Memorial Hospital Expansion and Redevelopment: Emergency Department and Critical Care Tower and the request for proposals (RFP) was issued in February.

Although financial markets have improved, Partnerships BC continues to monitor the availability and cost of capital for infrastructure projects. For every partnership project, a thorough analysis is done to determine the right mix of public and private funding to ensure taxpayers get the best value for every dollar. The goal is to optimize, not maximize, the amount of private finance. By using a flexible approach to financing, the project benefits will be delivered within the project budget.

Under the Shareholder's Letter of Expectations, Partnerships BC provides a range of services such as: helping agencies identify and assess public private partnership project opportunities; developing provincial public private partnership policy and best practices; and providing other advisory and consulting services directly to the Province and/or clients. In 2010/11, the Company's fees are being increased to ensure the continued delivery of these key services. This fee increase, the first since hourly fees were

introduced in 2004/05, will allow the agency to fully recover service delivery costs from its clients.

For 2010/11, the Company will continue to engage in stakeholder outreach activities to maintain and generate support for the partnership delivery model and its associated benefits. Partnerships BC will work to increase awareness among clients of best practices in project budgeting, affordability, evaluation and governance of partnership projects. The Company continues to provide policy advice to the Province on the procurement of major capital assets, as requested.

Over the years the Company has successfully diversified its product line to include a range of partnership delivery models such as design build finance maintain; design build finance rehabilitate; and, design build. Based upon the experience to-date in the planning for and procurement of major infrastructure projects, there is an opportunity to apply the commercial skills gained to an even greater range of projects and delivery models; therefore, over the next year, the Company will undertake a strategic review of the current service model as directed by the shareholder. Any recommended changes will be presented to government; if approved, the recommendations will be implemented and reflected in the 2011/12 Service Plan.

Partnerships BC supports the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. Procurement documents have been revised and include a requirement for projects in the health care, education, accommodation and cultural sectors to be designed and built to achieve Leadership in Energy and Environmental Design (LEED) Gold certification. Through competition and innovation, the partnership delivery model provides a strong mechanism that is being used to help the Province achieve these environmental goals.

While creating new partnership opportunities is a focus for Partnerships BC, the benefits to the public and the quality of each partnership project are of paramount importance. The Company places priority upon developing and maintaining high standards of client service and public disclosure; fostering the growth of the PPP market; the recruitment and retention of an experienced core of professionals; and the implementation of sound operational systems to meet governance and financial accountability requirements. In addition, Partnerships BC will continue to develop and refine its approach to quality assurance throughout its entire product development and client relations process, and will continue to focus on efficiency and productivity.

The 2010/11–2012/13 Service Plan is focused on delivering both qualitative and quantitative benefits for British Columbians by:

- Ensuring timely and cost-effective delivery of major capital projects;
- Ensuring competition and innovation in procuring major capital assets;
- Transferring appropriate risks to the private sector;
- Maintaining fair, open and transparent procurement processes;
- Expanding the use of performance standards in government and serving the public interest by maintaining these standards on an ongoing basis; and
- Attracting international expertise and capital to British Columbia.

Partnerships BC will continue working with agencies in other provinces and with the Government of Canada to create an attractive and effective pan-Canadian market

environment. Information sharing continues with governments across North America as jurisdictions look for solutions to meet infrastructure needs.

The Company's success to date is the result of a team of skilled professionals, with oversight by a diverse and experienced Board of Directors. As two of our founding Directors, Harold Calla and Celia Courchene, retire this year, I would like to acknowledge their dedication to public service and very significant contribution to establishing the foundation on which the Company will continue to build. Partnerships BC welcomes the appointment of two new Directors: Brian Bentz and Peter Kappel.

Partnerships BC's 2010/11–2012/13 Service Plan was prepared under the direction of the Board of Directors in accordance with the *Budget Transparency and Accountability Act*. The Board approves performance measures and targets and holds management accountable for the contents of the plan, the achievement of performance measures and targets and for ensuring that Partnerships BC achieves its specific objectives identified in the plan. The plan is consistent with the Province's strategic priorities and fiscal plan. All significant assumptions, policy decisions and identified risks as of February 2010 have been considered in preparing the plan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rick Mahler', with a long horizontal flourish extending to the right.

Rick Mahler
Chair

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Organizational Overview

Partnerships BC was created in May 2002 to support the Province's commitment to sound fiscal management in the delivery of affordable infrastructure projects that meet the needs of British Columbians. Partnerships BC is a company owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole shareholder: the Minister of Finance. The Company is incorporated under the *British Columbia Business Corporations Act*.

Partnerships BC's vision is to be the Province's centre of expertise for evaluating, structuring and implementing public private partnerships (PPPs) which serve the public interest. The Company is committed to transparent operations and achieving wide recognition for its innovation, leadership and expertise in partnership delivery models, and commercial viability.

Partnerships BC is responsible for bringing together the public and private sectors to develop and implement partnership projects. The Company's clients are public sector agencies including ministries, Crown corporations, health authorities, advanced education institutions, boards of education and local governments.

Capital planning in British Columbia is governed by the Capital Asset Management Framework (CAMF). Within CAMF, public sector agencies are guided by the capital standard policy which states for projects with \$50 million or more of provincial funding, a partnership delivery model will be considered the base case in procurement options analysis and will be the preferred option unless there is a compelling reason to select otherwise. For projects with \$20 million to \$50 million of provincial funding, a preliminary project screening will be undertaken to determine if the project has any characteristics that would make it suitable for the partnership delivery model.

One of the objectives of the capital standard is to impose a discipline for good business planning to ensure taxpayers get the best value for every dollar. Partnerships BC will continue to work with the Province and public sector clients to improve the quality and scope of procurement options analyses for major capital projects, and to increase the level of understanding of the full range of procurement options and expected benefits.

Partnerships BC's products and services are critical to the Province's ability to undertake the planning and procurement of complex capital projects, specifically those involving the utilization of private sector expertise, services and capital. Partnerships BC provides a full spectrum of services ranging from business planning and procurement management to design and construction advisory services. This flexible approach enables clients to focus on their core business and accountabilities while Partnerships BC focuses on the business and contractual requirements of evaluating, structuring and implementing partnership projects.

Specific service offerings are described in the table on the following page.

Partnerships BC's Services		
<p>Business Planning</p> <ul style="list-style-type: none"> ▪ Early Project Screening ▪ Concept Plans ▪ Procurement Options Assessment ▪ Business Case <ul style="list-style-type: none"> ▪ Market Sounding ▪ Quantitative Analysis ▪ Risk Analysis ▪ Multiple Criteria Analysis (MCA) ▪ Procurement Options Analysis ▪ Best Practices and Documentation ▪ Strategic Communications ▪ Stakeholder Management ▪ Project Governance 	<p>Procurement Process</p> <ul style="list-style-type: none"> ▪ Procurement Management ▪ Best Practices and Procurement Documentation ▪ Evaluation Management ▪ Contract Negotiations ▪ Service Integration <ul style="list-style-type: none"> ▪ Consultant Management ▪ Project Reporting ▪ Strategic Communications ▪ Stakeholder Management ▪ Project Governance 	<p>Design and Construction</p> <ul style="list-style-type: none"> ▪ Construction Oversight – Advice and Management ▪ Best Practices and Documentation ▪ Strategic Communications ▪ Stakeholder Management ▪ Project Governance
Knowledge Management		
Recommendations to Treasury Board		

Partnerships BC provides services directly through its own expertise and also by utilizing external consultants where specialized advice is required. To strengthen the partnership market, Partnerships BC continues to build relationships with private sector developers, investors, the advisory and financial services sector and providers of construction, engineering and facilities management services.

The Company's organization, staffing and governance reflect and support this blend of the public and private sector to best serve the public interest. Partnerships BC's Board of Directors and staff have a mix of skills and expertise from both sectors. The Company has offices in Vancouver and Victoria.

Partnerships BC is structured into strategic service units that support the Company's project focus and operational requirements: Partnerships Development and Delivery, Partnerships Services and Finance and Administration. These business units, and their primary functions, are described in the table on the following page.

SENIOR MANAGEMENT TEAM		
Larry Blain PRESIDENT & CEO		
Sarah Clark Vice President Partnerships Development and Delivery	Susan Tinker Vice President Partnerships Services	Chan-Seng Lee Vice President Finance and Administration
<u>Areas of Responsibility</u>	<u>Areas of Responsibility</u>	<u>Areas of Responsibility</u>
<ul style="list-style-type: none"> ▪ Business Development ▪ Project Governance and Delivery ▪ Corporate Relations ▪ Market Development ▪ Senior Project Adviser 	<ul style="list-style-type: none"> ▪ Policy and Practices ▪ Communications ▪ Legal Services ▪ Procurement Services ▪ Knowledge Management and Research ▪ Senior Project Adviser 	<ul style="list-style-type: none"> ▪ Finance and Accounting ▪ Human Resources ▪ Administration ▪ Facilities ▪ Information Technology ▪ Contract Management ▪ Corporate Governance

Over the last few years, policies and procedures have been developed and formalized into a human resources strategy. The central tenets of this strategy are based on recruitment and retention, leadership development, training and performance planning and management.

Partnerships BC has implemented corporate and individual performance goals that support the objectives of each of the service areas. All employee performance plans are tied directly to corporate performance. Certain corporate performance measures are benchmarked against comparable professional services firms in the private sector and comparable public sector agencies. As part of their performance plans, employees are responsible for project deliverables and assisting with partnership development and the development and implementation of best practices.

The Company regularly updates its website to provide new information on current and completed projects, project reports and best practice guidance documents. For more information, visit: www.partnershipsbc.ca.

Corporate Governance

Partnerships BC is governed by a Board of Directors that ensures the operations of the Company reflects the interests of the shareholder. The initial Board of Directors was appointed July 15, 2003 and the composition of the Board reflects the unique mandate of the Company, with Directors drawn from both the public and private sectors. The key functions of the Board include: to provide governance and oversight for the Company, and to review and recommend potential partnership opportunities.

The Board follows governance principles as set out in the Best Practices Guidelines published by the Board Resourcing and Development Office of the Ministry of Finance. The activities of the Board are governed by disclosure guidelines set by the Province. Details on Partnerships BC's governance practices can be found at: <http://www.partnershipsbc.ca/files/governance-practices.html>.

The Board consists of the following Directors: Rick Mahler (Chair), Ed Andersen, Brian Bentz, Susan Conner, Colin Dobell, Dan Doyle, Peter Kappel, Gordon Steele, Kirsten Tisdale and Sharon White.

The Board is supported by two subcommittees. The Audit and Risk Management Committee provides oversight of key financial information. This includes audited financial statements, quarterly financial statements, the annual report and any quarterly reports, the service plan, annual business plan, operating and capital budgets and any budget presentations to government. The committee also reviews the Company's risk management, internal controls and information systems. The committee members are: Susan Conner (Chair), Colin Dobell, Dan Doyle, Peter Kappel and Sharon White. The Board Chair and the Chair of the Human Resources and Governance Committee also attend meetings of the Audit and Risk Management Committee.

The Human Resources and Governance Committee assists the Board with human resource issues, compensation matters and the establishment of a plan of continuity and development for senior management. The committee also provides a focus on corporate governance to enhance the performance of the Company. The committee members are: Kirsten Tisdale (Chair), Ed Andersen, Brian Bentz and Gordon Steele. The Board Chair and the Chair of the Audit and Risk Management Committee also attend meetings of the Human Resources and Governance Committee.

Strategic Context

Since its inception in 2002, Partnerships BC has participated in more than 30 projects with a capital value of \$10 billion. As a centre of procurement expertise, Partnerships BC continually transfers knowledge and experience gained across projects to improve efficiency and quality, and to streamline and expedite the procurement process to save time and money for the public and private sectors.

Partnerships BC continues to apply a number of core best practices in project budgeting, affordability, evaluation and governance to partnership projects. The application of these best practices will maximize the opportunity for partnership projects to achieve procurement objectives, more accurate planning and project costing in the approval phase, greater control of project costs within approved affordability limits, motivate the proponent market and result in more aggressive proposals and provide effective project oversight. In addition, templates for key procurement documents were reviewed and updated during this fiscal year. Over the coming year, Partnerships BC will continue to work with clients to increase their knowledge and understanding of how these core best practices will be applied to partnership projects.

Over the last year, the greatest impact to the PPP market—both nationally and internationally—has been the availability and cost of private capital for infrastructure projects. Around the world and across Canada, PPP agencies have responded to these challenges with new approaches and programs to optimize the sources of financing and ensure that projects remain affordable. In British Columbia, Partnerships BC has explored the use of temporary credit measures to reduce the overall cost of capital through leveraging the Province's Triple-A credit rating. These are temporary measures; ultimately, the goal is to return to an equity and senior debt structure for project financing. Going forward, Partnerships BC will continue to analyze financial market conditions and projects entering procurement to determine how best to optimize the use of private capital.

Other factors that will impact the strategic context in which Partnerships BC will be operating and planning in the coming years are related to the PPP market, both national and international. A strong, coordinated Canadian partnership market has emerged and the number of market participants is expanding. Partnerships BC continues to work with other Canadian jurisdictions to promote consistency in the development and application of best practices to ensure both the B.C. and broader Canadian market remain attractive to PPP market participants. The federal government established PPP Canada Inc., a Crown corporation, to work with the public and private sectors to support PPPs and encourage the further development of Canada's PPP market. The corporation administers the \$1.25 billion P3 Canada Fund to support public infrastructure projects procured via public private partnerships. Last fall, PPP Canada issued a call for project submissions to provinces, territories, municipalities and First Nations; additional calls for project submissions will be issued over the life of the P3 Canada Fund.

The capital standard policy continues to provide the greatest opportunity for Partnerships BC to assist clients and add value to projects while serving the public interest. Other policies that present new opportunities for partnership projects to harness the innovation of the private sector include the Province's climate change agenda and energy self-sufficiency goals, green buildings and the Wood First policy. Partnerships BC will continue to explore a range of partnership delivery models, from design-build to design-

build-finance-maintain, to assist clients in meeting infrastructure needs. In addition, there may be opportunities for Partnerships BC to share its knowledge and experience in the planning and procurement of major infrastructure projects that include partnership and other procurement delivery models.

As more partnership projects enter the construction and operations phases, Partnerships BC is well-positioned to offer clients design, construction and operations advisory services and advice to ensure the continued long-term success of each project. To-date, Partnerships BC has received advisory services engagements in both the health and transportation sectors.

Risk Management

As part of its internal risk management process, Partnerships BC applies the Enterprise-Wide Risk Management (ERM) methodology as developed by the Risk Management Branch of the British Columbia Ministry of Finance, which includes a calendared risk schedule so that risk management is conducted systematically throughout the year.

Partnerships BC has identified a number of potential risks, both internal and external, that could compromise the Company's ability to realize its goals in the coming years. Key risks and their corresponding mitigation strategies are outlined in the table on the following page.

Risk Category	Description	Mitigation Strategies
Scope of Business Focus and Client Base	Partnerships BC's client market and service offering is a relatively narrow business focus. If the partnership market weakens, or if clients elect to use other procurement advisers, this could limit the ability of the Company to meet its financial targets and goals.	<ul style="list-style-type: none"> ▪ Expand potential client market to include other levels of government and other jurisdictions. ▪ Consult with government agencies to understand their infrastructure needs and identify project opportunities. ▪ Work with central agencies to streamline approval processes. ▪ Diversify the range of partnership procurement models to better meet client needs. ▪ Ensure that Partnerships BC's fee structure reflects a value for money proposition for clients.
Public Private Partnership Policy Environment	The policy environment for partnership projects continues to evolve (e.g. capital standard).	<ul style="list-style-type: none"> ▪ Work with the Province to ensure the policy environment is compatible with partnership projects. ▪ Work with clients to ensure partnership projects are compatible with the Province's policy objectives.
Public Private Partnership Market Size and Capacity	<p>PPP markets are continuing to grow internationally and within B.C. The Company may face challenges related to:</p> <ul style="list-style-type: none"> ▪ Growth of PPP markets in competing jurisdictions. ▪ General private sector interest in PPPs worldwide. ▪ Development of PPP capacity within B.C. ▪ Capacity and inflationary pressures in the construction sector in B.C. ▪ Population growth and demographic shifts that impact both the need for infrastructure and the ability to deliver. 	<ul style="list-style-type: none"> ▪ Continue to develop relationships with PPP stakeholders and business partners. ▪ Continue to apply consistent approaches to procurement to reduce transaction and bid costs to maintain an attractive PPP market in B.C. ▪ Engage in information sharing with other provincial jurisdictions to broaden the Canadian PPP market and attract private sector participants. ▪ Communicate with international PPP organizations to build on their experience. ▪ Ensure rigorous project budgeting to address project risks such as construction cost escalation. ▪ Assess market interest in advance of procurement to ensure the presence of a viable market. ▪ Inform PPP market participants about upcoming projects. ▪ Involve the academic community to analyze the B.C. project experience to further develop best practices.

Risk Category	Description	Mitigation Strategies
Project Risks	Partnerships BC may experience risks due to problems or changes in client partnership projects in the procurement, construction or operations phase of a partnership project.	<ul style="list-style-type: none"> ▪ Participate on Project Boards for partnership projects. ▪ Develop and apply best practices in procurement: <ul style="list-style-type: none"> ▪ Costing ▪ Affordability ▪ Evaluation ▪ Governance ▪ Develop and apply best practices in the design, construction and operations phases.
High Interest Rates	<p>Lending rates are currently high by historical standards and projections are highly uncertain. The challenges include:</p> <ul style="list-style-type: none"> ▪ Availability of capital for infrastructure projects. ▪ Cost of capital. ▪ Fixed financial terms during the proposal evaluation and negotiation phase. 	<ul style="list-style-type: none"> ▪ Remain highly informed on financial market conditions. ▪ Take a flexible approach to structuring the financing for each project, designing the structure to match the prevailing financial market considerations to maximize value for taxpayers' dollars. ▪ Assessing risk transfer in the areas of refinancing timing and benefit sharing. ▪ Optimize the use of private capital with public funding so as to achieve risk transfer at minimal financing cost.
Reputation Risk	Reputation is compromised when an organization's performance, ethics or experience with stakeholders suffers. Partnerships BC's ability to provide quality service to its clients and the wider PPP market is directly tied to the reputation of the Company and the demonstrable success of partnership projects.	<ul style="list-style-type: none"> ▪ Ensure a high level of disclosure and transparency. ▪ Develop and implement communications strategies for partnership projects. ▪ Develop and implement a proactive corporate stakeholder relations and communications strategy. ▪ Apply best practices to all phases of projects.

Risk Category	Description	Mitigation Strategies
Internal Experience and Capacity	<p>Partnerships BC needs to balance service demand with its corporate capacity to ensure successful performance at both the project and organizational levels.</p> <p>Insufficient preparedness to manage a pandemic event could lead to business disruption.</p>	<ul style="list-style-type: none"> ▪ Continue to implement a human resources strategy that ensures professional staff develop the right mix of skills and expertise for the expected project flow and corporate responsibilities, and draw expertise from the public and private sectors. ▪ Support continuous learning and improvement, and targeted and relevant training. ▪ Focus on the use and optimization of the knowledge management system. ▪ Optimize staff retention and work to minimize personnel turnover. ▪ Conduct external executive and staff compensation reviews every two years to benchmark against comparable public and private sector organizations. ▪ Benchmark human resource strategies against comparable public and private sector organizations. ▪ Develop a pandemic preparedness plan.
Management and Operational Risks	<p>Partnerships BC's ability to serve its clients depends upon its ability to harness and direct knowledge; therefore, the Company faces business risks related to information management.</p>	<ul style="list-style-type: none"> ▪ Update and improve management and financial information systems and related processes. ▪ Address business disruption issues with the effective deployment of business continuity plans. ▪ Work to improve server performance and the implementation and management of back-up systems. ▪ Address information systems related risks.

Goals, Strategies, Measures and Targets

Partnerships BC continues to refine and reassess its corporate goals to reflect the evolving vision of the Company and its Board of Directors, the growth of the PPP market in British Columbia and the emerging policy needs of its shareholder.

In the early years of operation, the Company was primarily focused on developing the partnership market in British Columbia and securing an active pipeline of projects. As the PPP market matured and a steady pipeline of projects materialized, Partnerships BC shifted its focus to refining the evaluation, structure and implementation of PPPs to ensure the successful delivery of partnership projects. With the number of partnership projects that are either in the market or under construction, Partnerships BC provides design and construction advisory services engagements with ministries and agencies in recognition of the importance of transferring lessons learned to future partnership projects. After eight successful years of operation, there is an opportunity to apply the commercial skills gained to an even greater range of projects and delivery models; therefore, over the next year the Company will undertake a strategic review of the current service model as directed by the shareholder. Partnerships BC will present any recommended changes to government and if approved, the recommendations will be implemented. Any changes to the Company's vision, corporate objectives and performance measures will be reflected in the 2011/12 Service Plan.

Partnerships BC continues to hold a unique place in the market, acting both as adviser to government and as the gateway to partnership opportunities for the business sector. Qualitative measures, such as those related to transparency and fairness, reflect the need to serve the public interest. Quantitative measures, such as standard measures of commercial viability, reflect the need to remain effective and efficient in operations. Performance measures and targets have been selected to reflect the nature of the advisory services business model under which Partnerships BC operates, and also to reflect the maturity of the PPP market.

Partnerships BC tracks data from a number of sources, including:

- The financial plan presented to the Board of Directors, which is benchmarked against comparable corporations;
- Project milestones and comparison of milestones achieved based on project plans;
- A knowledge management strategy to track and catalogue best practices, project precedents and other key indicators; and
- Information from client and employee satisfaction review processes, including surveys and interviews.

The Company provides quality assurance in the implementation of all aspects of the Service Plan, and continues to improve the internal mechanisms that facilitate excellence in product quality. The Company monitors the performance of the measures in the Service Plan and introduces corrective actions as necessary to ensure goals are met.

The Company's three corporate goals, along with the strategies, measures and targets for achieving those goals, are described on the following pages. In addition, the relative weight of each goal towards measuring overall corporate performance is identified.

Goal 1: Structure and implement public private partnership solutions which serve the public interest (60 per cent).

Partnerships BC's mandate is to evaluate, structure and implement partnership solutions which serve the public interest. The Company's success is measured by its ability to meet project milestones and the number and type of new projects it initiates.

Partnerships BC shares with its public sector clients a commitment to managing projects such that the public interest is served. Given that partnership projects often involve large, high profile and complex projects, it is essential that all stakeholders have a degree of comfort with the process involved in bringing a partnership project to fruition. To achieve this, and to protect the public interest, the Company is committed to ensuring that its operations and projects are delivered in the most transparent manner possible, demonstrating fairness, integrity and best value for taxpayer dollars. The Company is also committed to protecting confidential information and commercial interest.

Partnerships BC is committed to ensuring that public sector clients are provided with the highest standard of service available and that they are satisfied with the quality of services received.

The Company will focus on the following strategies to achieve its goal:

Strategies

- Continue to build and improve upon relationships with public sector client agencies and undertake business development beyond core provincial government client agencies.
- Ensure that a wide client group is aware of the potential benefits of the partnership delivery model.
- Continually seek out business opportunities with new, potential and existing clients.
- Develop business plans that incorporate rigorous financial analysis, risk assessment and management tools to provide a solid foundation for decision-making, based on an assessment of a full range of quantitative and qualitative factors.
- Publish documents that communicate the expected benefits of projects, and, as appropriate and utilized by the client, a Report of the Fairness Adviser following financial close of each project, and disclose all documentation not deemed to be commercially sensitive.
- Continually assess and appraise the quality of services provided by Partnerships BC with clients, external stakeholders such as PPP service providers (e.g. advisers), project participants and private partners. Strategies include conducting client surveys and market consultations.

Goal 1: Structure and implement public private partnership solutions which serve the public interest (60 per cent)

Performance Measure	Targets				
	2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2012/13
Public Private Partnership Development Agreements with the Province and/or other agencies	25 new engagements Engaged new sectors: corrections, colleges New engagements with other jurisdictions: Saskatchewan, Prince Edward Island, PPP Canada Design and construction advisory services provided on health and transportation projects	21 new engagements Repeat engagements from a variety of clients Continued engagements and information sharing with other Provinces and the Government of Canada Design and construction advisory services provided on health and transportation projects	Positive assessment by Board of Directors of engagements achieved	Positive assessment by Board of Directors of engagements achieved	Positive assessment by Board of Directors of engagements achieved
Revenue growth	0% ¹	-6% ¹	2%	4%	4%
Bi-annual client survey results indicate Partnerships BC performance meets or exceeds client expectations	Client survey not conducted in 2008/09 Positive feedback received from clients across multiple sectors; shareholder	Client survey not conducted in 2009/10 Anecdotal feedback positive from clients across multiple sectors	Formal client feedback	Meet or exceed industry standards, with minimum 85% client satisfaction and demonstrable improvement in service delivery	Anecdotal feedback
Project milestones achieved	All controllable project milestones achieved Positive assessment by Board achieved	All controllable project milestones achieved Positive assessment by Board achieved	Positive assessment by Board of Directors on project milestones achieved	Positive assessment by Board of Directors on project milestones achieved	Positive assessment by Board of Directors on project milestones achieved

¹ Excludes completion fee for Abbotsford Regional Hospital and Cancer Centre in 2008/09.

Goal 1: Structure and implement public private partnership solutions which serve the public interest (60 per cent)

Performance Measure			Targets		
	2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2013/14
Publish project report or communications on all projects after financial close has been reached	100% reports published Clean fairness opinions on four projects (RFQ and RFP processes)	100% reports published Clean fairness opinions on three projects (RFQ and RFP processes)	100% documents published	100% documents published	100% documents published

Goal 2: Encourage development of the public private partnership market in British Columbia (15 per cent).

Partnerships BC is focused on growing the PPP market by creating a world class centre of expertise wherein British Columbia is recognized as an attractive market for PPPs. A key measure in achieving this is the harnessing of best practices from one project and transferring the knowledge and experience to other projects, thereby improving efficiency and quality. The Company continually refines internal processes to develop best practices from its experience base, which is shared with clients to increase awareness and understanding of new best practices as they emerge.

In terms of demonstrating annual examples of synergies and process cost reductions, the Company will publicly report the total procurement time for projects against a benchmark of 18 months, set from the date of RFQ issuance to financial close. This benchmark of 18 months will help maintain consistency in the procurement process and it allows sufficient time for the private sector to develop quality proposals and enough time for due diligence in evaluation. Reporting procurement time is an appropriate measure because the length of procurement is a key driver of the costs incurred for both the public and private sectors.

The benefits of the partnership delivery model can only be fully realized on a broad scale when there is an informed public sector client base and steady project flow combined with a sufficient number and quality of market participants to bid on projects. Market participants must not only have the technical skills and financing resources to competitively bid on projects, but the ability to identify innovative and creative solutions to meet infrastructure requirements.

Although British Columbia is realizing the benefits of a robust and active PPP market, continued growth and development will be necessary to ensure a vibrant, competitive long-term market to address infrastructure needs across the province.

The Company will focus on the following strategies to achieve its goal:

Strategies

- Maintain a stakeholder outreach program to increase visibility and appreciation of Partnerships BC in the broader international market.
- Utilize new tools for keeping stakeholders informed about current projects and Partnerships BC programs.
- Participate within and outside British Columbia at conferences and workshops.
- Host client outreach workshops and forums.
- Enter into Public Private Partnership Development Agreements with clients in strategic sectors.
- Maintain a presence in the business community to ensure Partnerships BC is recognized as a catalyst for success in partnership projects.
- Continue to identify and apply best practices across projects to help ensure continuous improvement and consult regularly with clients and the market.
- Focus on the use and optimization of the knowledge management system to capture and incorporate best practices.
- Support the development of a strong pan-Canadian partnership market.

Goal 2: Encourage development of the public private partnership market in British Columbia (15 per cent)

Performance Measure	Targets				
	2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2012/13
New or repeat market participants in British Columbia	Active market participation – 11 new market participants	Active market participation – six respondents on recent health project and two new market participants	Number of new or repeat market participants	Number of new or repeat market participants	Number of new or repeat market participants
Annual examples of best practices established, acknowledged and adopted within the Provincial government and by other governments	<p>All projects using standard procurement documents and sharing best practices internally</p> <p>Developed and implemented comprehensive best practices: costing, affordability, evaluation and governance</p> <p>Developed guidance and template for performance specifications for health projects</p>	<p>Developed guidance for temporary credit measures in response to global financial markets</p> <p>Draft Quantitative Analysis paper released for discussion</p> <p>Updated Project Agreement to incorporate new practices from recent procurements</p> <p>Best practices in costing, affordability, evaluation and governance utilized on Fort St. John Hospital and Residential Care Project and BC Cancer Agency Centre for the North</p>	<p>Examples of projects utilizing best practices</p> <p>Examples of Partnerships BC engagements with other governments</p>	<p>Examples of projects utilizing best practices</p> <p>Examples of Partnerships BC engagements with other governments</p>	<p>Examples of projects utilizing best practices</p> <p>Examples of Partnerships BC engagements with other governments</p>

Goal 2: Encourage development of the public private partnership market in British Columbia (15 per cent)

Performance Measure	Targets				
	2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2012/13
Annual examples of synergies and process cost reductions	Evidences of reduced project costs; examples of efficiencies in procurement processes Benchmarks will be established 2010/11	Procurement benchmark established: 18 months from date of RFQ issuance to financial close	Procurement benchmark 18 months from date of RFQ issuance to financial close	Procurement benchmark 18 months from date of RFQ issuance to financial close	Procurement benchmark 18 months from date of RFQ issuance to financial close
External validation (e.g. awards, informed media coverage)	Positive media coverage; enhanced stakeholder outreach Two project awards	Positive media coverage; enhanced stakeholder outreach Four project awards	Examples from third party validators	Examples from third party validators	Examples from third party validators

Goal 3: Remain commercially viable and increase productivity (25 per cent).

Partnerships BC is committed to ensuring it remains commercially viable on an ongoing basis. Commercial viability requires that revenues either meet or exceed expenses, whether or not the Government Services Agreement with the Province is continued.

Under the Shareholder's Letter of Expectations, Partnerships BC provides a range of services such as: helping agencies identify and assess public private partnership project opportunities; developing provincial public private partnership policy and best practices; and providing other advisory and consulting services directly to the Province and/or clients. In 2010/11, the Company's fees are being increased to ensure the continued delivery of these key services. This fee increase, the first since hourly fees were introduced in 2004/05, will allow the agency to fully recover service delivery costs from its clients.

When the financial plan for the Company was first established, productivity measures were benchmarked against comparable corporations. These productivity measures enable the Company to achieve its key performance measures. As a knowledge-based company, Partnerships BC tracks examples of productivity in specific areas of operations. In the 2009/10 Annual Report, the Company will provide examples of productivity measures, including:

- Average annual utilization rate for professional staff, for projects, Government Services Contract work, and administration, as a measure of the balance amongst priorities that the Company seeks to maintain;
- Average revenue per professional staff, as a measure of the Company's ability to earn income; and
- Annual administrative expense ratio, as a measure of managing administrative costs in relation to revenue.

Partnerships BC's ability to meet its goals depends on its ability to attract and retain high quality staff. Partnerships BC also recognizes that its ability to remain commercially viable depends on the efficiency of its employees. In addition to harnessing the corporate learning embodied within the suite of best practices, targeted employee training and professional development have been identified as means to both improve employee productivity and contribute to employee satisfaction.

The Company will focus on the following strategies to achieve its goal:

Strategies

- Ensure that Partnerships BC's resources and cost structure are appropriate for the expected workload,
- Prudently manage general and administrative (non-recoverable) expenses,
- Monitor human resource issues relative to the human resource strategy and adjust as required, and
- Continued focus on internal performance measures for Partnerships BC and its staff which tie individual and collective success to the achievement of corporate performance measures.

Goal 3: Remain commercially viable and increase productivity (25 per cent)

Performance Measure	Targets				
	2008/09 Actual	2009/10 Forecast	2010/11	2011/12	2012/13
Meet budget	Net income target met	Net income target met	Revenue either meets or exceeds expenses	Revenue either meets or exceeds expenses	Revenue either meets or exceeds expenses
Maintain competitive charge-out rates to clients	No change in charge out rates	No change in charge out rates	20%	No change in charge out rates	No change in charge out rates
Annual employee satisfaction survey	BC Business Best Companies to Work for in BC survey (overall score of 4.06 out of 5) BC Public Service Agency <i>Work Environment Survey 2007</i> (overall score of 85 compared to public service benchmark of 66)	BC Business Best Companies to Work for in BC survey (overall score of 4.18 out of 5) BC Public Service Agency <i>Work Environment Survey 2007</i> (overall score of 78 compared to public service benchmark of 66)	Meet or exceed industry standards, with minimum 85% employee satisfaction	Meet or exceed industry standards, with minimum 85% employee satisfaction	Meet or exceed industry standards, with minimum 85% employee satisfaction
Targeted and relevant training	Achieved training objectives within budget	Achieved training objectives within budget	5% of compensation costs	5% of compensation costs	5% of compensation costs

Resource Summary

Partnerships British Columbia Inc.
 Financial Statements for Service Plan
 For the Years Ended March 31, 2009 to 2013

Partnerships British Columbia Inc.
Fiscal 2009/10 Reforecast and Fiscal 2010/11 to 2012/13 Budget

	2008/09 Actual	2009/10 Reforecast	2010/11 Budget	2011/12 Budget	2012/13 Budget
REVENUE					
Fees for Service	\$ 7,956,812	\$ 6,886,502	\$ 8,654,532	\$ 8,917,931	\$ 9,256,586
Provincial Government Revenue	1,966,000	1,640,000	-	-	-
Other Revenue	230,029	73,438	71,000	161,030	165,861
Project Recoveries	6,685,642	4,727,605	4,882,000	5,200,000	5,400,000
TOTAL REVENUE	16,838,482	13,327,545	13,607,532	14,278,961	14,822,447
EXPENDITURES					
Salaries and Benefits	5,976,366	6,223,585	6,687,991	6,888,630	7,095,289
Professional Services	427,506	321,260	442,500	455,775	469,448
Administration	1,371,012	1,294,547	1,335,834	1,366,331	1,411,848
Corporate Relations	49,468	22,354	73,390	75,592	77,859
Amortization	251,902	200,022	185,178	209,155	217,097
TOTAL EXPENDITURES	8,076,254	8,061,768	8,724,892	8,995,483	9,271,541
Project Recoverable Expenses	6,685,642	4,727,605	4,882,000	5,200,000	5,400,000
NET INCOME (LOSS)	\$ 2,076,586	\$ 538,172	\$ 640	\$ 83,478	\$ 150,906
NET INCOME (PRE-VARIABLE COMPENSATION)	\$ 2,563,639	\$ 1,056,905	\$ 504,175	\$ 602,119	\$ 685,107
Capital Expenditures	\$ 221,118	\$ 66,878	\$ 225,941	\$ 135,441	\$ 140,388

The above financial information including the 2009/10 reforecast was prepared in accordance with current Canadian Generally Accepted Accounting Principles (GAAP).

Appendix: Shareholder’s Letter of Expectations

Highlights from the 2009 Shareholder’s Letter of Expectations	Partnerships BC Alignment
<ul style="list-style-type: none"> ▪ Assist the Province in meeting its infrastructure needs by providing innovation, leadership and expertise in public procurement ▪ Support the Province in tackling the challenges of global warming and promote environmentally sensitive infrastructure through public private partnerships ▪ Pursue PPPs that advance the public interest and where it can be demonstrated that such procurement arrangements will: meet specific public policy objectives; improve services; achieve environmental quality, energy efficiency and sustainability objectives; and achieve value for money ▪ Provide expert services to the Province and its agencies in the procurement of partnership projects ▪ Assist the Province in the application of the \$50 million capital standard policy ▪ Demonstrate fair, transparent and competitive processes 	<p>Goal 1: Structure and implement public private partnership solutions which serve the public interest</p>
<ul style="list-style-type: none"> ▪ Continue to improve the efficiency and quality of delivery of PPP transactions ▪ Grow the public private partnership market in B.C. ▪ Build a centre of expertise and excellence that will be recognized for innovation and performance ▪ Provide policy advice to the Shareholder on alternative procurement, PPPs and capital asset management when required 	<p>Goal 2: Encourage development of the partnership market in British Columbia</p>
<ul style="list-style-type: none"> ▪ Remain commercially viable on an ongoing basis ▪ Identify examples of productivity measures and targets, where appropriate, for inclusion in the Company’s service plan and annual report 	<p>Goal 3: Remain commercially viable and increase productivity</p>



partnerships
British Columbia

**For more information on
Partnerships British Columbia Inc.,
contact us at:**

PO Box 9478
Stn Prov Govt
Victoria, BC
V8W 9W6

For more information, visit:
www.partnershipsbc.ca



partnerships
British Columbia

2009 | 2010
Annual Report

Cover photos (clockwise from top left):

- Britannia Mine Water Treatment Plant
- Canada Line
- Royal Jubilee Hospital Patient Care Centre
- Fort St. John Hospital and Residential Care Project
- Sea-to-Sky Highway Improvement Project

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**PUBLIC PRIVATE
PARTNERSHIPS
ARE DELIVERING
BENEFITS TO
BRITISH COLUMBIANS:**

5 new emergency
departments

2 new regional cancer
centres

More than

250,000

square-metres of new
health care facilities

More than **1,000**

new acute care hospital
beds

More than **1,100**

new residential care
beds and assisted living
units

Message from the Chair

I am pleased to present the 2009-10 Annual Report for Partnerships British Columbia Inc. (Partnerships BC or the Company).

Over its eight year history, Partnerships BC has become a global leader in bringing innovation to the planning and procurement of major capital projects and has made a significant contribution to the emergence of Canada as one of the world's most active and attractive environments for public private partnerships.

The Company continues to build a foundation of expertise through involvement with nearly 35 partnership projects. These projects are bringing the best of the public and private sectors together, ensuring sound policy and business planning in the public interest, while leveraging innovation, project management expertise and due diligence from the private sector. Many projects, delivered using the design, build, finance, maintain partnership model, are operational and each was completed on or ahead of schedule and within budget. The partnership delivery model is providing exceptional value for taxpayers' dollars by ensuring the timely and cost-effective delivery of major capital projects: it has become a cornerstone in the Province's commitment to fiscal responsibility.

During 2009-10, several projects reached key milestones. Five projects entered the operational stage: the Golden Ears Bridge, which opened two weeks ahead of schedule; the Canada Line, which opened three and a half months ahead of schedule; the Sea-to-Sky Highway Improvement Project, which opened on schedule; the Pitt River Bridge & Mary Hill Interchange opened for motorists; and the University of British Columbia Clinical Academic Campus—a component of the Kelowna Vernon Hospitals Project—opened at Kelowna General Hospital. Construction continued on four health care projects in communities across the province, including: the Kelowna and Vernon Hospitals Project; the Royal Jubilee Hospital Patient Care Tower in Victoria; the Surrey Outpatient Care and Surgery Centre; and, the Fort St. John Hospital and Residential Care Project. Construction on the Port Mann/Highway 1 Project continues using an enhanced design build partnership structure. In December 2009, a project agreement was signed for the BC Cancer Agency Centre for the North in Prince George, and negotiations to reach a project agreement for the South Fraser Perimeter Road are underway. A shortlist of teams was announced for the Surrey Memorial Hospital Expansion and Redevelopment: Emergency Department and Critical Care Tower and a Request for Proposals was issued in February.

I would like to emphasize that Partnerships BC supports the Province's climate action plan to reduce greenhouse gas emissions and improve energy efficiency in public sector buildings. A significant component of the Company's innovation, leadership and expertise is now focused on developing energy efficient infrastructure and new sources of green energy—goals that are shared with our clients and the Province.

Although financial markets have improved, Partnerships BC has continued to monitor the availability and cost of capital for infrastructure projects. For every partnership project, a thorough analysis is done to determine the right mix of public and private funding to ensure taxpayers get the best value for every dollar.

In 2009-10, Partnerships BC completed substantial reviews and updates to procurement documentation to capture best practices and experience to date. New best practices focused on managing project affordability were successfully implemented for projects in the business planning and procurement stages. To complement and enhance its existing range of capital project management services, the Company now provides expanded post-financial close services for clients with major projects in the design and construction stages.

The Partnerships BC Board of Directors reviewed corporate performance in 2009-10 and concluded that the Company successfully delivered on its corporate goals in the Service Plan: structuring and implementing public private partnership solutions; encouraging growth and development of the market; and remaining commercially viable.

Going forward, Partnerships BC expects to meet its revenue growth and net income margin targets as outlined in its 2010-11 to 2012-13 Service Plan.

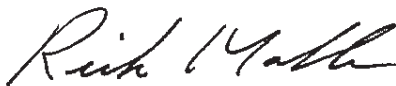
On behalf of the Board, I would like to acknowledge the retirement of Dan George, and two of the founding Board members—Harold Calla and Celia Courchene—and thank them for their service and contribution.

I would also like to acknowledge the entire team at Partnerships BC, whose professionalism and dedication has led to the building of roads, hospitals, bridges, water treatment facilities and rapid transit service in communities across the province for the benefit of all British Columbians. As my term as Chair will end in 2010-11, I would like to take this opportunity to express that it has been my honour to serve as Chair while the Company has evolved to become a centre of expertise in British Columbia which is recognized internationally for innovation in the procurement of performance-based infrastructure.

The 2009-10 Partnerships BC Annual Report was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act. The Board sets performance measures and holds management accountable for the contents of the report and achievement against the performance measures. The information presented reflects the actual performance of the Company for the year ended March 31, 2010. All significant decisions, events and identified risks, as of March 31, 2010 have been considered in preparing the report.

The information presented is prepared in accordance with the B.C. Reporting Principles and represents a comprehensive picture of the Company's actual performance in relation to the Service Plan.

Sincerely,



Rick Mahler
Chair

**PUBLIC PRIVATE
PARTNERSHIPS
ARE DELIVERING
BENEFITS TO
BRITISH COLUMBIANS:**

New capacity to
accommodate more than
1,000,000
annual outpatient hospital
visits

6 new bridges

360 kilometres of
new highway

19.5 kilometres of
rapid transit

Treatment of up to
500,000
cubic metres of
contaminated water
annually

Organizational Overview

Partnerships BC was created in May 2002 to support the Province's commitment to sound fiscal management in the delivery of affordable, performance-based infrastructure that meet the needs of British Columbians. Partnerships BC is a company owned by the Province of British Columbia and governed by a Board of Directors reporting to its sole Shareholder: the Minister of Finance. The Company is incorporated under the British Columbia Business Corporations Act.

Partnerships BC's mission is to be the Province's centre of expertise for evaluating, structuring and implementing partnership solutions which serve the public interest. The Company is committed to commercial viability, transparent operations and achieving wide recognition for its innovation, leadership and expertise in partnership delivery models.

Partnerships BC is responsible for bringing together the public and private sectors to develop and implement partnership projects. The Company's clients include public sector agencies such as ministries, Crown corporations, health authorities, advanced education institutions, local governments, the federal government and other provincial governments.

Capital planning in British Columbia is governed by the Capital Asset Management Framework (CAMF). Within CAMF, public sector agencies are guided by the Capital Standard policy which states for projects with \$50 million or more of provincial funding, a partnership delivery model will be considered the base case in procurement options analysis and will be the preferred option unless there is a compelling reason to select a different delivery option. For projects with \$20 million to \$50 million of provincial funding, a preliminary project screening will be undertaken to determine if the project has any characteristics that would make it suitable for the partnership delivery model.

Partnerships BC's services are critical to the Province's ability to undertake the planning and procurement of complex capital projects, specifically those involving the utilization of private sector expertise, services and capital. Partnerships BC provides a full spectrum of services ranging from business planning and procurement management to post-financial close advisory services. This flexible approach enables clients to focus on their core business and accountabilities while Partnerships BC focuses on the business and contractual requirements of evaluating, structuring and implementing partnership projects.

Specific service offerings are described in the table below.

PARTNERSHIPS BC'S SERVICES		
<p>BUSINESS PLANNING</p> <ul style="list-style-type: none"> • Early Project Screening • Concept Plans • Procurement Options Assessment • Business Case <ul style="list-style-type: none"> • Market Sounding • Quantitative Analysis • Risk Analysis • Multiple Criteria Analysis (MCA) • Procurement Options Analysis 	<p>PROCUREMENT PROCESS</p> <ul style="list-style-type: none"> • Procurement Management • Evaluation Management • Contract Negotiations • Service Integration <ul style="list-style-type: none"> • Consultant Management • Project Reporting 	<p>POST-FINANCIAL CLOSE</p> <ul style="list-style-type: none"> • Construction Oversight – Advice and Management
<p>KNOWLEDGE MANAGEMENT • BEST PRACTICES AND DOCUMENTATION • STRATEGIC COMMUNICATIONS • STAKEHOLDER MANAGEMENT • PROJECT GOVERNANCE</p>		
<p>RECOMMENDATIONS TO TREASURY BOARD</p>		

Partnerships BC provides services directly through its own expertise and also by utilizing external consultants where specialized advice is required. To strengthen the partnership market, Partnerships BC builds relationships with private sector developers, investors, the advisory and financial services sector and providers of construction, engineering and facilities management services.

The Company's organization, staffing and governance reflect and support this blend of the public and private sector to best serve the public interest. Partnerships BC's Board of Directors and staff have a mix of skills and expertise from both sectors. The Company has offices in Vancouver and Victoria.

Partnerships BC is structured into strategic service units that support the Company's project focus and operational requirements: Partnerships Development and Delivery, Partnerships Services and Finance and Administration. These business units, and their primary functions, are described in the table below.

SENIOR MANAGEMENT TEAM

Larry Blain – PRESIDENT & CEO

<p>Sarah Clark Vice President Partnerships Development and Delivery</p>	<p>Susan Tinker Vice President Partnerships Services</p>	<p>Chan-Seng Lee Vice President Finance and Administration</p>
<p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Business Development • Project Governance and Delivery • Corporate Relations • Market Development • Senior Project Adviser 	<p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Policy and Practices • Communications • Legal Services • Procurement Services • Knowledge Management and Research • Senior Project Adviser 	<p>AREAS OF RESPONSIBILITY</p> <ul style="list-style-type: none"> • Finance and Accounting • Human Resources • Administration • Facilities • Information Technology • Contract Management • Corporate Governance

Partnerships BC's human resources strategy is based on recruitment and retention, leadership development, training and performance planning and management.

Partnerships BC has implemented corporate and individual performance goals that support the objectives of each of the service areas. All employee performance plans are tied directly to corporate performance. Certain corporate performance measures are benchmarked against comparable professional service firms in the private sector and comparable public sector agencies. As part of their performance plans, employees are responsible for project deliverables and assisting with partnership development and the development and implementation of best practices.

The Company regularly updates its website to provide new information on current and completed projects, project reports and best practice guidance documents. For more information, visit: www.partnershipsbcc.ca.

“The two major benefits of P3s are cost-savings and time-savings.”

*– Gilles Rhéaume, Vice-President
The Conference Board of Canada
January 2010*

YEAR IN REVIEW

2009

APRIL

- RFP issued for BC Cancer Agency Centre for the North
- RFP issued for South Fraser Perimeter Road

MAY

- Presentation to the Architectural Institute of British Columbia

JUNE

- Golden Ears Bridge opens two weeks early

JULY

- Groundbreaking ceremony kicks-off construction for Fort St. John Hospital and Residential Care Project
- RFQ issued for Surrey Memorial Hospital Redevelopment and Expansion: Emergency Department and Critical Care Tower

Corporate Governance

YEAR IN REVIEW

AUGUST

- Canada Line opens three and a half months early
- Partnerships BC Discussion Paper: Methodology for Quantitative Procurement Options Analysis released for comment

SEPTEMBER

- Best Practices Workshop held for provincial ministry clients

OCTOBER

- Abbotsford Regional Hospital and Cancer Centre achieves LEED® Gold certification
- Surrey Outpatient Care and Surgery Centre reaches construction milestone
- Sea-to-Sky Highway Improvement Project complete
- Plenary Health named preferred proponent for BC Cancer Agency Centre for the North
- Pitt River Bridge and Mary Hill Interchange opens to traffic

Partnerships BC is governed by a Board of Directors that ensures the operations of the Company reflect the interests of the Shareholder. The initial Board of Directors was appointed July 15, 2003 and the composition of the Board reflects the unique mandate of the Company, with Directors drawn from both the public and private sectors. The key functions of the Board include: to provide governance and oversight for the Company, and to review and recommend potential partnership opportunities.

The Board follows governance principles as set out in the Best Practices Guidelines published by the Board Resourcing and Development Office of the Ministry of Finance. The activities of the Board are governed by disclosure guidelines set by the Province. Details on Partnerships BC's governance practices can be found at: www.partnershipsbc.ca/files/governance-practices.html.

The Board consisted of the following Directors: Rick Mahler (Chair), Ed Andersen, Brian Bentz, Susan Conner, Colin Dobell, Dan Doyle, Peter Kappel, Gordon Steele, Kirsten Tisdale and Sharon White.

The Board is supported by two subcommittees. The Audit and Risk Management Committee provides oversight of key financial information. This includes audited financial statements, quarterly financial statements, the annual report and any quarterly reports, the service plan, annual business plan, operating and capital budgets and any budget presentations to government. The committee also reviews the Company's risk management, internal controls and information systems. The committee members were: Susan Conner (Chair), Colin Dobell, Dan Doyle, Peter Kappel and Sharon White. The Board Chair and the Chair of the Human Resources and Governance Committee also attend meetings of the Audit and Risk Management Committee.

The Human Resources and Governance Committee assists the Board with human resource issues, compensation matters and the establishment of a plan of continuity and development for senior management. The committee also provides a focus on corporate governance to enhance the performance of the Company. The committee members were: Kirsten Tisdale (Chair), Ed Andersen, Brian Bentz and Gordon Steele. The Board Chair and the Chair of the Audit and Risk Management Committee also attend meetings of the Human Resources and Governance Committee.



Back row (left to right): Ed Andersen, Brian Bentz, Peter Kappel, Gordon Steele
 Front row (left to right): Susan Conner, Rick Mahler (Chair), Sharon White, Dan Doyle, Kirsten Tisdale
 Missing: Colin Dobell

Report on Performance

Since its inception in 2002, Partnerships BC has been involved with nearly 35 partnership projects with a capital value of \$10 billion. As the centre of expertise for partnership procurement in British Columbia, the Company continually transfers knowledge and experience gained from past projects to others to improve the efficiency and quality of the procurement process to save time and money for the public and private sectors.

In 2009-10, two health care projects reached a final agreement; Requests for Proposals were issued for projects in the health and transportation sectors; business planning was advanced for several projects and the provision of post-financial close advisory services was expanded with new engagements for clients in the health sector. In addition, new affordability best practices were successfully implemented for projects in the business planning and procurement stages thereby ensuring the project benefits will be delivered within the project budget. As well, significant updates were made to procurement documents to capture best practices and experience to date.

The financial market crisis which commenced in summer 2008 affected the availability and cost of private capital for infrastructure projects and thereby impacted the partnership market both nationally and internationally. Around the world and across Canada, agencies have responded to these challenges with new approaches and programs to optimize the sources of financing and ensure that projects remain affordable. Over the past year, financial markets have improved dramatically although capital availability and cost have not returned to pre-crisis levels.

In 2009-10, Partnerships BC continued its efforts to create a strong, coordinated Canadian market. Partnerships BC worked with other Canadian jurisdictions to promote consistency in the development and application of best practices to ensure both the B.C. and broader Canadian market remained attractive to market participants.

Performance Results

Building on the platform of success established over eight years of operation and reflecting both the vision of its Board of Directors and the needs of its Shareholder, the Company focused on three corporate goals for the 2009-10 fiscal year:

1. Structure and implement public private partnership solutions which serve the public interest (60 per cent¹),
2. Encourage development of the public private partnership market in British Columbia (15 per cent¹), and
3. Remain commercially viable and increase productivity (25 per cent¹).

The management team presented Partnerships BC's performance results to the Board of Directors at the end of 2009-10 and the Board determined that the Company achieved its corporate goals.

Partnerships BC will continue to refine and reassess its corporate goals in the years ahead as the Company grows, the partnership market in British Columbia matures and the policy environment evolves.

YEAR IN REVIEW

NOVEMBER

- Topping off ceremony for new Patient Care Tower at Kelowna General Hospital
- Final beam installed at Royal Jubilee Hospital Patient Care Centre

DECEMBER

- Four B.C. partnership projects win national awards from the Canadian Council for Public-Private Partnerships
- BC Healthcare Solutions, ISL Health and Integrated Team Solutions are shortlisted for Surrey Memorial Hospital Redevelopment and Expansion: Emergency Department and Critical Care Tower
- Final agreement signed for BC Cancer Agency Centre for the North
- Released the Project Report: Achieving Value for Money Fort St. John Hospital and Residential Care Project

"We are firm believers in the partnership model; it is good for our industry and our province."

*– Kirk Fisher, Vice President
Lark Group*

¹Weighting applied by Board in assessing corporate performance

Results (Based on 2009-10 Corporate Goals)

GOAL 1 – Structure and implement public private partnership solutions which serve the public interest (60 per cent)

STRATEGIES

- Continued to build and improve upon relationships with public sector client agencies and undertook business development beyond core provincial government client agencies.
- Ensured that a wide client group was aware of the potential benefits of public private partnerships.
- Continually sought out business opportunities with new, potential and existing clients.
- Developed business plans that incorporated rigorous financial analysis, risk assessment and management tools to provide a solid foundation for decision making, based on an assessment of a full range of quantitative and qualitative factors.
- Published documents that communicate the value for taxpayer dollars expected to be achieved for projects, and, as appropriate and utilized by the client, a Report of the Fairness Adviser following financial close of each project, and disclosed all documentation not deemed to be commercially sensitive.
- Continually assessed and appraised the quality of services provided by Partnerships BC with clients, external stakeholders such as public private partnership service providers (e.g. advisers), project participants and private partners. Strategies included conducting client surveys and conducting market consultations.

Performance Measures	PAST PERFORMANCE		2009-10 PERFORMANCE	
	2007-08 Results	2008-09 Results	Targets	Results
<ul style="list-style-type: none"> Public private partnership development agreement engagements with Province and/or other agencies 	<ul style="list-style-type: none"> 35 new engagements Engaged new sectors: energy, K-12 education, universities, local governments New engagements with other jurisdictions: Alberta, Nova Scotia, Government of Canada 	<ul style="list-style-type: none"> 25 new engagements Engaged new sectors: corrections, colleges New engagements with other jurisdictions: Saskatchewan, Prince Edward Island Project implementation advisory services provided on health and transportation projects 	<ul style="list-style-type: none"> Positive assessment by Board of Directors of engagements achieved 	<ul style="list-style-type: none"> 25 new engagements Two projects reached a final agreement Two projects in procurement Expanded post-financial close engagements
<ul style="list-style-type: none"> Revenue growth 	<ul style="list-style-type: none"> 14%² Seven engagements with non-Provincial clients Two post-financial close engagements Business case development for multiple sectors 	<ul style="list-style-type: none"> 15%³ Eight engagements with non-Provincial clients Four post-financial close engagements Business case development for multiple sectors 	<ul style="list-style-type: none"> 3% 	<ul style="list-style-type: none"> -13% 17 engagements with non-Provincial clients Five post-financial close engagements
<ul style="list-style-type: none"> Client survey results indicate Partnerships BC performance meets or exceeds client expectations 	<ul style="list-style-type: none"> 86.1% overall client satisfaction 	<ul style="list-style-type: none"> Client survey not conducted in 2008-09 Positive anecdotal feedback received from clients across multiple sectors Positive feedback from the Shareholder 	<ul style="list-style-type: none"> Meet or exceed industry standards, with minimum 85% client satisfaction and demonstrable improvement in service delivery 	<ul style="list-style-type: none"> Client survey not conducted in 2009-10 Positive anecdotal feedback received from clients across multiple sectors Positive feedback from the Shareholder
<ul style="list-style-type: none"> Project milestones achieved 	<ul style="list-style-type: none"> All controllable project milestones met 	<ul style="list-style-type: none"> All controllable project milestones achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors (on project milestones achieved) 	<ul style="list-style-type: none"> All controllable project milestones achieved
<ul style="list-style-type: none"> Publish project report or communications on all projects after a final project agreement has been reached 	<ul style="list-style-type: none"> 100% documents completed 	<ul style="list-style-type: none"> 100% documents completed 	<ul style="list-style-type: none"> 100% documents completed 	<ul style="list-style-type: none"> 100% documents completed
<ul style="list-style-type: none"> Publish fairness and probity opinions on projects where size and scope warrants fairness review 	<ul style="list-style-type: none"> 100% documents published Clean fairness opinions on four projects (RFQ process) 	<ul style="list-style-type: none"> 100% documents published Clean fairness opinions on four projects (RFQ and RFP processes) 	<ul style="list-style-type: none"> 100% documents published 	<ul style="list-style-type: none"> 100% documents published Clean fairness opinions on three projects (RFQ and RFP processes)

²High revenue growth in 2007-08 due to significant procurement activity

³Includes completion fee for Abbotsford Regional Hospital project in 2008-09

The mandate of Partnerships BC is to evaluate, structure and implement partnership solutions which serve the public interest. Therefore, the Company measures its performance, in part, by tracking its ability to meet project milestones and generate new engagements for work.

During the year, Partnerships BC actively worked on 25 new engagements and provided a range of services to clients in health, transportation, corrections, energy, education and local and federal governments.

The Company did not reach its revenue growth target for 2009-10 (three per cent target; negative 13 per cent result). The state of the provincial economy had an impact on the commencement of project business cases, timing of project approvals and projects entering procurement based on the revenue risks and constraints faced by the Province.

However, this also reduced Partnerships BC's requirement to resource those projects, thus leading to a decline in compensation and administrative expenses.

Partnerships BC's commitment to openness and transparency was reflected in the public release of procurement documents for the projects that entered the market in 2009-10 and the release of fairness adviser reports for those projects. In addition, the Project Report: Achieving Value for Money was released for Fort St. John Hospital and Residential Care Project.

Partnerships BC is dedicated to providing public sector clients with the highest standard of service possible and to ensuring clients are satisfied with the quality of services provided. Positive feedback was received from public sector clients and other jurisdictions, and from Partnerships BC's Shareholder, the Minister of Finance.

“As the poster child for public private partnerships, the Canada Line has carried a lot of baggage since its inception. The completion of the line validates the decision by the Province to follow that route on the basis of transferring the construction risk to the private partner.”

– Vancouver Sun
August 2009

YEAR IN REVIEW

2010

JANUARY

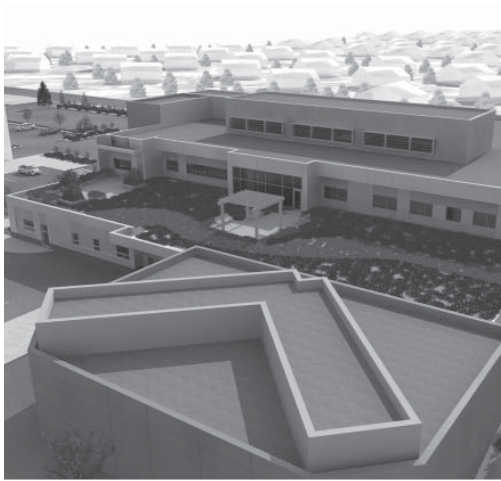
- Topping off ceremony for new Patient Care Tower at Vernon Jubilee Hospital
- Funding approved for Interior Heart and Surgical Centre
- UBC Clinical Teaching Facility opens at Kelowna General Hospital

FEBRUARY

- RFP issued for Surrey Memorial Hospital Redevelopment and Expansion: Emergency Department and Critical Care Tower
- Partnering in British Columbia Networking Reception to discuss the advantages of investing and partnering in B.C.

MARCH

- Presentation to the University of British Columbia Sauder School of Business Strategy and Business Economics Division Public-Private Partnerships
- Presentation to the California Foundation for the Environment and the Economy in Vancouver



Artist's rendering of the BC Cancer Agency Centre for the North

GOAL 2 – Encourage development of the public private partnership market in British Columbia (15 per cent)**STRATEGIES**

- Maintained a stakeholder outreach program to increase visibility and appreciation of Partnerships BC in the broader international market.
- Participated within and outside British Columbia at conferences and workshops.
- Hosted client and market outreach workshops.
- Entered into public private partnership development agreements with clients in strategic sectors.
- Developed a presence in the business community to ensure Partnerships BC is recognized as a catalyst for success in public private partnership projects.
- Identified and applied best practices from project to project to help ensure continuous improvement and consulted regularly with clients and the market in best practice development.
- Focused on the use and optimization of the knowledge management system to capture and incorporate best practices.
- Supported the development of a strong pan-Canadian partnership market.

Performance Measures	PAST PERFORMANCE		2009-10 PERFORMANCE	
	2007-08 Results	2008-09 Results	Targets	Results
<ul style="list-style-type: none"> • New market participants in B.C. 	<ul style="list-style-type: none"> • Major new entrants to B.C. partnership market: Transtoll Inc., Health Care Projects Canada Ltd., HSBC Infrastructure Fund Management Ltd., Honeywell Limited, Cintra S.A., Transurban Group 	<ul style="list-style-type: none"> • Active market participation—11 new market participants, including: Zachry American Infrastructure, Dragados S.A., Graycorp Advisors Ltd., Genivar Engineering, Vermeulen Hind Architects • Numerous new market participants—local, national and international 	<ul style="list-style-type: none"> • Number of new market participants 	<ul style="list-style-type: none"> • Active market participation on recent projects • New market participants: EllisDon, Meridiam and Busby, Perkins & Will
<ul style="list-style-type: none"> • Annual examples of best practices established, acknowledged and adopted within the provincial government and by other governments 	<ul style="list-style-type: none"> • All projects using standard procurement documents and sharing best practices internally • Sharing best practices across North America 	<ul style="list-style-type: none"> • All projects using standard procurement documents and sharing best practices internally • Developed and implemented comprehensive best practices: costing, affordability, evaluation and governance • Developed guidance and template for performance specifications for health projects 	<ul style="list-style-type: none"> • Examples of projects utilizing best practices 	<ul style="list-style-type: none"> • All projects using standard procurement documents and best practices • 25 new or updated best practice/guidance documents/templates developed • Effective implementation of new project costing and proposal evaluation system
<ul style="list-style-type: none"> • Annual examples of synergies and process cost reductions 	<ul style="list-style-type: none"> • Project by project evidence of reduced costs (e.g. legal) • Use of procurement documents consistent across projects and sectors (e.g. health and transportation) 	<ul style="list-style-type: none"> • Evidence of reduced project costs (e.g. legal and business adviser fees) • Examples of shortened procurement processes • Benchmarks will be established 	<ul style="list-style-type: none"> • Project examples where synergies achieved 	<ul style="list-style-type: none"> • Procurement benchmark established 18 months from date of RFQ release to financial close • Fort St. John Hospital and Residential Care Project—14.5 months • BC Cancer Agency Centre for the North—16.8 months
<ul style="list-style-type: none"> • External validation (i.e. awards, informed media coverage) 	<ul style="list-style-type: none"> • International recognition for Partnerships BC and public private partnership policy; five project awards 	<ul style="list-style-type: none"> • Positive media coverage—local, national and international • Two project awards • Enhanced stakeholder outreach 	<ul style="list-style-type: none"> • Examples from third party validators 	<ul style="list-style-type: none"> • Positive media coverage—local, national and international • Four project awards • Enhanced stakeholder outreach

Partnerships BC is focused on growing the partnership market by creating a centre of expertise in British Columbia. A key measure in achieving this is the harnessing of best practices from each project and transferring the knowledge and experience to other projects, thereby improving efficiency and quality and saving time and money for the public and private sectors.

One method of tracking synergies and cost reductions is to establish procurement benchmarks. In 2009-10, Partnerships BC set a procurement benchmark of 18 months from release of the Request for Qualifications to financial close. This benchmark of 18 months will help maintain consistency in the procurement process; it allows sufficient time for the private sector to develop quality proposals and enough time for due diligence in evaluation. Reporting procurement time is an appropriate measure because the length of procurement is a key driver of the costs incurred for the public and private sectors. Both health care projects in 2009-10 achieved financial close within the procurement benchmark of 18 months.

In 2009-10, Partnerships BC completed substantial reviews and updates to procurement documents such as Request for Qualifications, Request for Proposals and the Project Agreement. In fact, a total of 25 best practice guidance documents or templates were either introduced or revised. A significant amount of cross-project coordination continued between project teams to ensure lessons learned were being captured and shared. A comprehensive suite of best practices that were approved in 2008-09 were applied to projects in business planning and procurement in 2009-10; for example, new affordability best practices were applied to the health projects that reached a final agreement with positive results.

The partnership market in British Columbia continues to expand and projects are generating robust competition among participants. Partnership projects are combining local knowledge and jobs with international best practices and experience as B.C.-based contractors are teaming up with international companies to deliver innovative designs and state-of-the-art facilities across the province.

Throughout 2009-10, Partnerships BC received external validation from a variety of sources, including: provincial, national and international media coverage; project awards; and client feedback. The Company utilized its communications and stakeholder relations web-based database to communicate directly with the public, media, market participants and clients to provide updates on the status of partnership projects. Four partnership projects were recognized in 2009 by the Canadian Council for Public-Private Partnerships National Awards for Innovation & Excellence. Jurisdictions from around the world continually seek advice from Partnerships BC on how best to structure and implement partnership projects in recognition of the Company's success and leadership in the development of performance-based infrastructure.

“The Sea-to-Sky Highway Improvement Project was facilitated by Partnerships BC, whose knowledge, understanding, expertise and practical experience in this area proved invaluable.”

*– Sea-to-Sky Highway Improvement Project Office
January 2010*

GOAL 3 – Remain commercially viable and increase productivity (25 per cent)**STRATEGIES**

- Ensured that Partnerships BC's resources and cost structure were appropriate for the expected workload.
- Prudently managed general and administrative (non-recoverable) expenses.
- Monitored human resource issues relative to the human resource strategy and adjusted as required.
- Developed internal performance measures for Partnerships BC and its staff which tied individual and collective success to the achievement of milestone events.

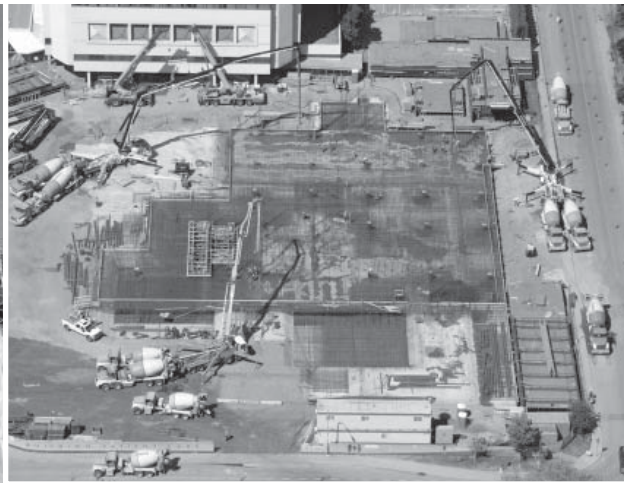
Performance Measures	PAST PERFORMANCE		2009-10 PERFORMANCE	
	2007-08 Results	2008-09 Results	Targets	Results
<ul style="list-style-type: none"> • Meet financial plan targets (minimum 15% net income margin pre-variable compensation) 	<ul style="list-style-type: none"> • Net income target met (pre-variable compensation), \$1,982,639 • Exceeded 15% minimum Shareholder target and 21% financial plan target with a net income margin of 21.6% (pre-variable compensation) 	<ul style="list-style-type: none"> • Net income target met (pre-variable compensation) \$2,563,638 • Exceeded 15% minimum Shareholder target and 20.1% financial plan target with a net income margin of 25.3% (pre-variable compensation) 	<ul style="list-style-type: none"> • Meet revised financial plan target (revenue either meets or exceeds expenses) 	<ul style="list-style-type: none"> • Revised financial plan target met
<ul style="list-style-type: none"> • Minimize charge-out rates to clients 	<ul style="list-style-type: none"> • No change 	<ul style="list-style-type: none"> • No change 	<ul style="list-style-type: none"> • No change in charge-out rates 	<ul style="list-style-type: none"> • No change
<ul style="list-style-type: none"> • Employee satisfaction 	<ul style="list-style-type: none"> • Employee satisfaction survey conducted every two years. Scheduled for fiscal 2008-09 • BC Public Service Agency Work Environment Survey 2007 (overall score of 80) 	<ul style="list-style-type: none"> • No employee survey conducted • BC Public Service Agency Work Environment Survey 2008 (overall score of 85) • BC Business Best Companies to Work for in BC Survey (overall score of 4.06 out of 5) 	<ul style="list-style-type: none"> • Employee survey results meet or exceed industry standards, with minimum 85% employee satisfaction 	<ul style="list-style-type: none"> • No employee survey conducted • BC Public Service Agency Work Environment Survey 2009 (overall score of 78) • BC Business Best Companies to Work for in BC Survey (overall score of 4.18 out of 5)
<ul style="list-style-type: none"> • Targeted and relevant training 	<ul style="list-style-type: none"> • Achieved training objectives within budget 	<ul style="list-style-type: none"> • Achieved training objectives within budget 	<ul style="list-style-type: none"> • 5% of compensation costs 	<ul style="list-style-type: none"> • Achieved training objectives within budget

In 2009-10, Partnerships BC was engaged to assist with business planning for a number of projects across a variety of sectors. Two projects were in procurement and two health care projects successfully reached a final agreement. The number of engagements for post-financial close advisory services expanded with more projects entering the design and construction stage of development. Partnerships BC succeeded in expanding its client base and continued to provide a range of services to clients in different sectors. These business activities helped the Company generate sufficient revenue to meet its financial plan target.

Partnerships BC remains committed to building and retaining a staff complement that is highly skilled, has in-depth knowledge of both the public and private sectors, adaptable to a changing environment and responsive to the needs of its clients. One method of gathering employee

feedback is through the use of surveys, the results of which are used to continually improve employee engagement. For the B.C. Public Service Work Environment Survey, the Company achieved an overall score of 78. For the BC Business Magazine Best Companies to Work for in BC survey, the overall score was 4.18 out of five.

The Company continued to refine its performance management system and implement learning programs to ensure that employees have the opportunity to optimize their individual performance and reach their personal career goals. The Leadership Training and Development Program has been underway for two years now and forms part of the Company's human resources strategy, which is to invest five per cent of its total compensation budget for training and development in staff and enhance their leadership skills.



Clockwise from top left: Vernon Jubilee Hospital Patient Care Tower; site excavation for the Kelowna General Hospital Patient Care Tower; Kelowna General Hospital Patient Care Tower; University of British Columbia Clinical Academic Campus

Future Performance (Based on 2010-11 to 2012-13 Corporate Goals)⁴

GOAL 1 – Structure and implement public private partnership solutions which serve the public interest (60 per cent)

PERFORMANCE MEASURES	FUTURE PERFORMANCE		
	2010-11	2011-12	2012-13
<ul style="list-style-type: none"> Public private partnership development agreements with the Province and/or other agencies 	<ul style="list-style-type: none"> Positive assessment by Board of Directors of engagements achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors of engagements achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors of engagements achieved
<ul style="list-style-type: none"> Revenue growth 	<ul style="list-style-type: none"> 2% 	<ul style="list-style-type: none"> 4% 	<ul style="list-style-type: none"> 4%
<ul style="list-style-type: none"> Bi-annual client survey results indicate Partnerships BC performance meets or exceeds client expectations 	<ul style="list-style-type: none"> Formal client feedback 	<ul style="list-style-type: none"> Meet or exceed industry standards, with minimum 85% client satisfaction and demonstrable improvement in service delivery 	<ul style="list-style-type: none"> Anecdotal feedback
<ul style="list-style-type: none"> Project milestones achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors on project milestones achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors on project milestones achieved 	<ul style="list-style-type: none"> Positive assessment by Board of Directors on project milestones achieved
<ul style="list-style-type: none"> Publish project report or communications on all projects after financial close has been reached 	<ul style="list-style-type: none"> 100% documents published 	<ul style="list-style-type: none"> 100% documents published 	<ul style="list-style-type: none"> 100% documents published
<ul style="list-style-type: none"> Publish fairness and probity opinions on projects where size and scope warrants fairness review 	<ul style="list-style-type: none"> 100% documents published 	<ul style="list-style-type: none"> 100% documents published 	<ul style="list-style-type: none"> 100% documents published

GOAL 2 – Encourage development of the public private partnership market in British Columbia (15 per cent)

PERFORMANCE MEASURES	FUTURE PERFORMANCE		
	2010-11	2011-12	2012-13
<ul style="list-style-type: none"> New market participants in British Columbia 	<ul style="list-style-type: none"> Number of new or repeat market participants 	<ul style="list-style-type: none"> Number of new or repeat market participants 	<ul style="list-style-type: none"> Number of new or repeat market participants
<ul style="list-style-type: none"> Annual examples of best practices established, acknowledged and adopted within the Provincial government and by other governments 	<ul style="list-style-type: none"> Examples of projects utilizing best practices Examples of Partnerships BC engagements with other governments 	<ul style="list-style-type: none"> Examples of projects utilizing best practices Examples of Partnerships BC engagements with other governments 	<ul style="list-style-type: none"> Examples of projects utilizing best practices Examples of Partnerships BC engagements with other governments
<ul style="list-style-type: none"> Annual examples of synergies and process cost reductions 	<ul style="list-style-type: none"> Procurement benchmark 18 months from date of RFQ issuance to financial close 	<ul style="list-style-type: none"> Procurement benchmark 18 months from date of RFQ issuance to financial close 	<ul style="list-style-type: none"> Procurement benchmark 18 months from date of RFQ issuance to financial close
<ul style="list-style-type: none"> External validation (e.g. awards, informed media coverage) 	<ul style="list-style-type: none"> Examples from third party validators 	<ul style="list-style-type: none"> Examples from third party validators 	<ul style="list-style-type: none"> Examples from third party validators

GOAL 3 – Remain commercially viable and increase productivity (25 per cent)

PERFORMANCE MEASURES	FUTURE PERFORMANCE		
	2010-11	2011-12	2012-13
<ul style="list-style-type: none"> Meet budget 	<ul style="list-style-type: none"> Revenue either meets or exceeds expenses 	<ul style="list-style-type: none"> Revenue either meets or exceeds expenses 	<ul style="list-style-type: none"> Revenue either meets or exceeds expenses
<ul style="list-style-type: none"> Minimize charge-out rates to clients 	<ul style="list-style-type: none"> 20% increase in charge-out rates 	<ul style="list-style-type: none"> No change in charge-out rates 	<ul style="list-style-type: none"> No change in charge-out rates
<ul style="list-style-type: none"> Bi-annual employee satisfaction survey 	<ul style="list-style-type: none"> Meet or exceed industry standards, with minimum 85% employee satisfaction 	<ul style="list-style-type: none"> Meet or exceed industry standards, with minimum 85% employee satisfaction 	<ul style="list-style-type: none"> Meet or exceed industry standards, with minimum 85% employee satisfaction
<ul style="list-style-type: none"> Targeted and relevant training 	<ul style="list-style-type: none"> 5% of compensation costs 	<ul style="list-style-type: none"> 5% of compensation costs 	<ul style="list-style-type: none"> 5% of compensation costs

⁴Partnerships BC has initiated a strategic review of the current service model as directed by the Shareholder

Performance Measurement

In 2002-03, when Partnerships BC was first incorporated, an independent third party consulting firm was engaged to perform a review of internal performance measures for the Company based on other comparable public and private sector organizations. When the Company revised its business model in 2006-07, an independent third party consulting firm was again engaged to review the internal performance measures for the Company. On an annual basis, the Board reviews the performance measures and provides recommendations for change, if necessary.

Although the Canadian partnership market has been expanding over the last few years, there are no other agencies either nationally or internationally that are structured with the same service delivery model as Partnerships BC. Therefore, it is not possible to provide benchmark comparisons with other organizations.

Partnerships BC holds a unique place in the market, acting as both adviser to government and as the gateway to partnership opportunities for the business sector. Qualitative measures, such as those related to transparency and fairness, reflect the need to serve the public interest. Quantitative measures, such as standard measures of commercial viability, reflect the need to remain effective and efficient in operations. The performance measures and targets selected reflect the nature of the advisory services business model under which Partnerships BC operates and the maturity of the partnership market.

Partnerships BC is confident that the performance measures used are reliable, accurate and valid. The Company tracked data from a number of sources throughout 2009-10, including:

- The financial plan presented to the Board of Directors, which is benchmarked against comparable corporations;
- Project milestones and comparison of milestones achieved based on project plans;
- A knowledge management strategy was used to track and catalogue best practices and project precedents; and
- Information from client and employee satisfaction review processes.

The management team presented an operations report to the Board each quarter and tracked progress against the Service Plan and took corrective action as necessary to ensure it remained on-track to achieve its corporate goals.

Risk and Capacity Issues

Partnerships BC identified a number of risks and implemented mitigation strategies, as outlined below. With an increasing number of projects now under construction and approaching the operational stage, the Company is providing design, construction and operational advisory services to mitigate both project and reputation risks.

As a procurement agency, the most resource-intensive time for the Company is when projects are in the market. Therefore, the timing of project approvals and projects entering procurement continued to have the greatest impact on revenues for the Company.

RISK CATEGORY	DESCRIPTION	MITIGATION STRATEGIES
Scope of Business Focus and Client Base	Partnerships BC's client market and service offering is a relatively narrow business focus. If the partnership market weakened this could limit the ability of the Company to meet its financial targets and goals.	<ul style="list-style-type: none"> • Expanded potential client market to include other levels of government and other jurisdictions. • Consulted with government agencies to understand their infrastructure needs and identify project opportunities. • Worked with central agencies to ensure timely approval processes. • Diversified the range of partnership procurement models to better meet client needs. • Ensure that Partnerships BC's fee structure reflects a value for money proposition for clients. • Expanded services provided in planning/procurement/post-financial close.
Public Private Partnership Policy Environment	The policy environment continues to evolve (e.g. Capital Standard, Wood First Act).	<ul style="list-style-type: none"> • Worked with the Province to ensure the policy environment is compatible with partnership projects. • Worked with clients to ensure partnership projects are compatible with the Province's policy objectives.
Project Risks	Partnerships BC may experience problems or changes in the procurement, construction or operations phase of a partnership project.	<ul style="list-style-type: none"> • Participated on Project Boards for partnership projects. • Applied best practices in procurement: <ul style="list-style-type: none"> • Costing • Affordability • Evaluation • Governance • Developed and applied best practices in the post-financial close phase: <ul style="list-style-type: none"> • Provided advisory services during design and construction. • Provided advisory services during operations.

RISK CATEGORY	DESCRIPTION	MITIGATION STRATEGIES
Public Private Partnership Market Size and Capacity	<p>Partnership markets are continuing to grow, both internationally and within B.C. The Company may face challenges related to:</p> <ul style="list-style-type: none"> • Growth of partnership markets in competing jurisdictions, • General private sector interest in public private partnerships worldwide, • Development of public private partnership capacity within B.C., • Capacity and inflationary pressures in the construction sector in B.C., and • Population growth and demographic shifts that impact both the need for infrastructure and the ability to deliver. 	<ul style="list-style-type: none"> • Continued to develop relationships with partnership stakeholders and business partners. • Continued to develop consistent approaches to procurement to reduce transaction and bid costs to maintain an attractive partnership market in B.C. • Continued to share information with other provincial jurisdictions to broaden the Canadian partnership market and attract private sector participants. • Communicated with international partnership organizations to build on their experience. • Ensured rigorous project budgeting to address project risks such as construction cost escalation. • Assessed market interest in advance of project implementation to ensure the presence of a viable market. • Involved the academic community to analyze the B.C. project experience to further develop best practices.
High Interest Rates	<p>Lending rates are currently high by historical standards and projections are highly uncertain. The challenges include:</p> <ul style="list-style-type: none"> • Availability of capital for infrastructure projects, • Cost of capital, and • Fixed financial terms during the proposal evaluation and negotiation phase. 	<ul style="list-style-type: none"> • Remained highly informed on financial market conditions. • Assessed risk transfer in the areas of refinancing timing and benefit sharing. • Optimized the use of private capital with public funding to achieve risk transfer at minimal financing cost.
Reputation Risk	<p>Reputation is compromised when an organization's performance, ethics or experience with stakeholders suffers. Partnerships BC's ability to provide quality service to its clients and the wider partnership market is directly tied to the reputation of the Company and the demonstrable success of its projects.</p>	<ul style="list-style-type: none"> • Ensured a high level of disclosure and transparency. • Developed and implement communications strategies for partnership projects. • Developed and implement a proactive corporate stakeholder relations and communications strategy. • Applied communications best practices to all phases of projects. • Provided advisory services during the design, construction and operations phases of projects.
Internal Experience and Capacity	<p>Partnerships BC needs to balance service demand with its corporate capacity to ensure successful performance at both the project and organizational levels.</p>	<ul style="list-style-type: none"> • Continued the implementation of a human resources strategy that ensures professional staff develop the right mix of skills and expertise for the expected project flow and corporate responsibilities, and draw expertise from the public and private sectors. • Supported continuous learning and improvement, and targeted and relevant training. • Focused on the use and optimization of the knowledge management system to leverage experience. • Optimized staff retention and work to minimize personnel turnover. • Conduct external executive and staff compensation reviews every two years to benchmark against comparable public and private sector organizations. • Benchmark human resource strategies against comparable public and private sector organizations.
Management and Operational Risks	<p>Partnerships BC's ability to serve its clients is dependent upon its ability to harness and direct knowledge; therefore, the Company faces business risks related to information management.</p>	<ul style="list-style-type: none"> • Updated and improved management and financial information systems and related processes. • Addressed business disruption issues with the effective deployment of business continuity plans. • Worked to improve server performance and the implementation and management of back-up systems. • Addressed information systems related risks.

Progress Against Shareholder's Letter of Expectations

The three corporate goals of the Company are aligned to meet the direction from our Shareholder, the Minister of Finance. Below are the specific directions outlined in the January 2010 Shareholder's Letter of Expectations and Partnerships BC's actions in 2009-10.

SPECIFIC DIRECTION TO THE COMPANY	PARTNERSHIPS BC ACTIONS IN 2009-10
<ul style="list-style-type: none"> Assist the Province of British Columbia in meeting its infrastructure needs by providing innovation, leadership and expertise in public procurement. 	<ul style="list-style-type: none"> Concluded two procurements and issued two Requests for Proposals for transportation and health care projects Five partnership projects became operational providing much needed infrastructure in those communities
<ul style="list-style-type: none"> Support the Province in tackling the challenges of global warming and meeting its goal to lead the world in sustainable environment management by working together with provincial agencies and private sector partners to promote environmentally sensitive infrastructure development. 	<ul style="list-style-type: none"> Worked with clients to plan for, design and construct high value physical infrastructure that is consistent with the Province's high performance building policy and LEED® Gold certification Abbotsford Regional Hospital and Cancer Centre becomes the first acute care hospital to achieve LEED® Gold certification in Canada
<ul style="list-style-type: none"> Pursue public private partnership arrangements and alternative procurement arrangements on behalf of public sector clients that advance the public interest and where it can be demonstrated that such procurement arrangements will: meet specific public policy objectives; improve services; achieve environmental quality, energy efficiency and sustainability objectives; and achieve value for money. 	<ul style="list-style-type: none"> Made recommendations to government about the suitability of the partnership delivery model for infrastructure projects Worked with a variety of public sector clients to prepare business plans Worked with PPP Canada to identify opportunities to leverage funding
<ul style="list-style-type: none"> Provide expert services to the Provincial government and its agencies in the procurement of public private partnership projects—services ranging from advice to business transaction and procurement management, to overall project management of public private partnership projects. 	<ul style="list-style-type: none"> Engaged by a variety of public sector agencies to assist with business planning, procurement options assessment reviews, procurement manager/advisory services and post-financial close advisory services
<ul style="list-style-type: none"> Assist the Province in the application of the Capital Standard that requires public private partnerships to be the base case where the Province will be contributing more than \$50 million to the capital cost of the project. 	<ul style="list-style-type: none"> Direct involvement in all active partnership projects Performed early project screens and procurement options assessment review for clients Examples of best practices applied on projects
<ul style="list-style-type: none"> Continue to improve the efficiency and quality of delivery of public private partnership transactions. 	<ul style="list-style-type: none"> Updated procurement documents to reflect feedback from project teams and the partnership market Cross project meetings facilitate the continuous sharing of best practices
<ul style="list-style-type: none"> Continue to demonstrate transparent and competitive processes. 	<ul style="list-style-type: none"> Fairness advisers and conflict of interest adjudicators retained for projects throughout the competitive selection process Procurement documentation is publicly available Project reports are publicly available and summarize the results of the competitive selection process
<ul style="list-style-type: none"> Grow the public private partnership market in British Columbia, building a centre of expertise and excellence that will be recognized for innovation and performance. 	<ul style="list-style-type: none"> Positive local, national and international validation for both the Company and partnership projects Projects continue to attract local, national and international teams Received four national awards of recognition for innovation and excellence
<ul style="list-style-type: none"> Remain commercially viable on an ongoing basis by ensuring that Partnerships BC's revenues meet or exceed expenses.⁵ 	<ul style="list-style-type: none"> Achieved revised Shareholder financial plan target
<ul style="list-style-type: none"> Identify annual targets for the agency's productivity measures, where appropriate. 	<ul style="list-style-type: none"> Average annual utilization rate for projects—61% Average annual utilization rate for projects and government services contract—85% Average revenue per professional staff—\$241,000 Annual administrative expense ratio—24%

⁵The Company's revised financial plan target for 2009-10, as approved by the Shareholder, was revenues either meet or exceed expenses. Previously, the Shareholder had approved the Company's financial plan target as 12 per cent net income margin (pre-variable compensation).

SPECIFIC DIRECTION TO THE COMPANY	PARTNERSHIPS BC ACTIONS IN 2009-10
<ul style="list-style-type: none"> • Provide policy advice to the Shareholder on alternative procurement, public private partnerships and capital asset management when required. 	<ul style="list-style-type: none"> • All partnership projects using standard procurement documents and implementing Partnerships BC's best practices • Providing procurement advisory and management services for clients with projects that include a range of procurement delivery models
<ul style="list-style-type: none"> • Help make policy recommendations to Treasury Board concerning the agency's affordability best practices and temporary credit measures and comply with any related approval conditions. Partnerships BC must also work with Ministry of Finance to ensure that these best practices are aligned with the Capital Asset Management Framework (CAMF), which is currently being revised. 	<ul style="list-style-type: none"> • Core best practices related to affordability developed and implemented on current projects • Working with Provincial Treasury, the wide-equity financing structure was implemented on two health projects that reached a final agreement in 2009-10
<ul style="list-style-type: none"> • Review government's capital needs and identify any opportunities for Partnerships BC to expand its role in the planning and management of those capital projects that: <ul style="list-style-type: none"> • Use PPP and other procurement methods; and • Seek to meet government's energy needs in a more effective and efficient manner. 	<ul style="list-style-type: none"> • Initiated a strategic review of the current service model as directed by the Shareholder • Engaged with BC Hydro on a variety of energy projects that contribute to the Province's conservation and energy self-sufficiency goals • Engaged with the Climate Action Secretariat to explore opportunities for encouraging building retrofits to achieve greater energy efficiency

“We looked at a number of jurisdictions, and were particularly impressed by what British Columbia has done.”

– Carlos M. Garcia, Chairman
Puerto Rico Public-Private Partnerships Authority

“Some of the myths surrounding public-private partnerships for infrastructure appear to be just that. P3s are not the privatization of public assets, and there is no evidence that service standards suffer under P3s.”

– Gilles Rhéaume, Vice-President
The Conference Board of Canada
January 2010

Appendix C
Funding and Financing ‘101’
White Paper

DATE: April 7, 2010

TO: Charlotte Robinson, Chairperson, Colorado HPTE Board
Stan Matsunaka, Colorado HPTE Board

FROM: David Downs, HNTB
Larry Warner, PB
Nick Amrhein, PB

SUBJECT: Funding and Financing '101' White Paper

INTRODUCTION

This white paper provides an overview of potential funding and financing options for transportation projects in Colorado. The goal is to introduce methods and common terminology to establish a basic understanding of current practice in transportation infrastructure procurement and project delivery.

The delivery option selected for a project will frame the roles of various public and private entities that will finance, design, implement, operate, and maintain the roadway asset. As private entities are now taking a more prominent role in public infrastructure delivery, it is important to understand the basic structures of the partnerships in use and how the funding and financing tools are applied therein.

Federal provisions that guide how tolling and pricing can be applied on certain types of roadways, especially Interstates and US Highways are also outlined. The basic programs are presented along with general implications of each for using Federal dollars where tolls are being collected.

Project Funding and Financing

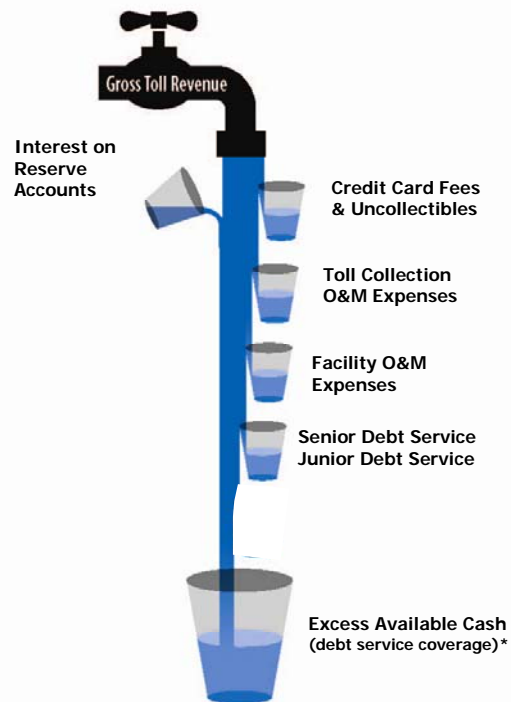
The tools used to pay for highway infrastructure continue to evolve and become more complex as limited funds must be allocated to critical new projects and maintenance of existing assets. Terms like “innovative finance” have been used for years to describe the world of project funding and financing outside of traditional gasoline tax-based federal funding and pay-as-you-go project delivery.

Most of what was considered innovative just a few years ago is now commonplace and much more diverse than can be accommodated under a single title.

Financing and funding are two different things though they are often misused interchangeably. Funding is money provided for a project and could come from grants, toll revenue, tax collections, a bond program, or a variety of other sources. Financing, on the other hand, refers to a number of mechanisms to raise money (funding) through borrowing. There are a number of financing vehicles and each requires some ongoing (short or long-term) flow of funds to repay the debt.

Basic Financing Terminology

Infrastructure finance can be complex, especially in today’s transactions that can include multiple repayment sources and schedules and a mix of public and private participation. There are a few concepts that apply to most transactions which are important to cover prior to addressing the different finance vehicles. These include cash flow, interest rates, basic bond structures, coverage ratios, and issuance costs.



* Excess cash from debt service coverage will depend on the coverage ratio for senior and junior debt. Including junior debt in the bond structure lowers the overall debt service coverage ratio, thereby lowering the excess cash remaining after debt service is paid which is used to fund rehabilitation reserve accounts.

Cash Flow – Cash flow is especially relevant to project financings where revenues repay the debt. What is known as a cash flow waterfall dictates the order in which revenue generated from a facility is spent. The following example uses toll revenues but the same concept would be applied to any revenue generating operation. The waterfall is typically a function of policy and is outlined in the bond documents.

Gross toll revenues are the starting point for the calculation of cash flow available for debt service. Gross revenue is reduced by uncollectable accounts and annual tolling and roadway O&M costs to arrive at net operating revenues available to repay debt. These items are paid for before debt service to insure the asset remains in good working order, to reduce the risk that the facility would for some reason be shut down, thus ending revenue collection.

After operations and maintenance costs, senior debt service is typically paid next. Junior debt service, which typically has a higher interest rate representing its riskier profile, gets paid after senior debt service.

Once senior and junior debt service is paid, the remaining cash available can be used at the discretion of the issuer. These funds are generally deposited in rehabilitation reserve accounts to pay for major renovations to the roadway and tolling infrastructure, but in the case of certain public private partnerships, the remaining cash flow is given to the equity investor as part of their return on investment. The figure on the previous page illustrates a typical cash flow waterfall for a public toll revenue financing.

Basic Bond Structures – There are two basic bond structures used in most financings; Current Interest Bonds and Capital Appreciation Bonds. Current Interest Bonds (CIBs) have a similar structure to a standard home mortgage in that interest and principal payments are due at regular intervals, usually each year or every six months. Capital Appreciation Bonds (CABs) are different than CIBs in that payments are not due until the bonds mature. CABs are often called zero coupon bonds because the entire repayment is made when the bond matures, rather than incrementally over time, as is the case with CIBs. CABs are more expensive than CIBs (higher interest rates and potentially higher coverage requirements) because more interest accrues on the outstanding principal amount over the life of the bond and because of the additional risk inherent in the delayed repayment of principal and accrued interest. Typically a bond issue will maximize the portion of the bond issued in CIBs and use CABs to enhance the bond issue, especially when there is a significant amount of expected growth in the revenue stream, allowing for large payments at the end of the bonds' maturity.

Interest Rates - Interest rates are assigned to debt based on the riskiness of the underlying operation as assessed by credit rating agencies. Investment grade debt carries a rating from AAA (best) to BBB (minimum investment grade). Generally, investment grade ratings are required for debt to be affordable and marketable. CIB interest rates are typically lower than CAB rates by 0.5% to 1.0% (50 to 100 basis points). Rates for government lending programs like TIFIA and SIBs (explained later) are often much lower (100 to 300 basis points lower) than market rates for investment grade tax-exempt debt.

Coverage Ratio – This ratio, generally set by rating agencies, dictates the proportion of annual operating cash flow that can be dedicated for debt service repayment, generally stated in terms of the annual net revenue divided by the annual debt payment due. For instance, if a debt service payment in a given year is \$1 million and the debt service coverage ratio is 2.0 times, operating cash flow for that year should be expected to total \$2.0 million in order to avoid breach of the debt service covenant. The senior debt coverage ratio is set higher than the junior debt service to reduce the senior bonds' risk. Riskier operating cash flow streams (greenfield projects or projects with real estate-related revenue streams) require higher debt service coverage due to inherent characteristics making them less likely to achieve their forecast annual revenue.

Maturity – Maturity refers to the time it will take to repay the debt, generally 30 to 40 years for toll revenue bonds. Some portions of the bond issue will typically mature each year. The longer the maturity, generally, the riskier the bonds and the higher the associated interest rates.

Reserve Accounts – Typically, there are certain reserve accounts established with a portion of the bond proceeds to improve the safety of the bond issue. For instance, a debt service reserve account is usually established to pay debt service for a certain period of time if actual revenue collections are less than expected. These accounts often total between 5% and 15% of the bond proceeds.

Closing Costs - There are several parties involved in the issuance of debt including consultants, financial advisors, lawyers, and underwriters. Most of the expenses of these parties are paid from the bond proceeds after the transaction closes. In total, these costs could range between 1% and 5% of the par amount of the bond issue.

FINANCIAL VEHICLES

The following are typical financing vehicles that are in use today for borrowing to pay for infrastructure projects.

Taxable / Tax-Exempt Revenue Bonds – Public or private entities can issue bonds to pay the cost and expenses of transportation projects. Proceeds of the bonds may only be used for the subject project or as provided in the bond indenture authorizing bond issuance. The bonds can be repaid with any number of revenue sources which will impact the interest rate, required coverage ratio, and overall risk of the debt issuance. Issuers generally try to enhance credit profile of bond issues by combining revenues (revenue diversification) or backstopping, which means setting up provisions for making debt payments from other sources (general fund or other tax-fed accounts) if the primary revenue collections are less than expected. Bond issues without any backstop or other supplementary revenue support mechanism are often referred to as ‘non-recourse debt,’ since if revenues are short of expectations, the bond holders have no recourse to collect their principal and interest due from other sources.

Typically, bonds issued by a public agency are tax-exempt, meaning that interest paid to investors is not taxable. Because the interest is not taxable, investors are willing to accept a lower interest rate than would be required for a taxable bond with a similar risk profile. Tax exempt debt is preferable from the issuer’s standpoint because they pay less interest and can therefore raise more funds with a given revenue stream.

Taxable bonds are used more frequently in transactions where a private entity is issuing the debt. If private entities cannot somehow qualify for tax exempt debt, they will issue taxable debt or seek direct loans from one or more banks, referred to as ‘bank debt.’

Private Activity Bonds (PABs) — This financing tool has gained popularity in recent years due to the increase in public-private partnerships. The designation of a tax-exempt bond as a private activity bond generally occurs if more than 10% of the proceeds of the issue are used for any private business use (the “private business use test”) and the payment of the principal of or interest on more than 10% of the proceeds of the issue is secured by or payable from property used for a private business use (the “private security or payment test”). Interest on private activity bonds (PABs) is not excluded from gross income for federal income tax purposes unless the bonds fall into one of the specific categories of qualified bonds. Each state is allocated a “cap” of tax-exempt PABs that can be issued.

To address the ability to issue tax-exempt PABs for transportation, a section of SAFETEA-LU amended the IRS Code to add Highway and Freight Transfer Facilities to the types of privately developed and operated projects that can obtain tax-exempt bond status. The law limits the total amount of such bonds for transportation to \$15 billion and directs the Secretary of Transportation to allocate this amount among qualified facilities. The \$15 billion in exempt facility bonds is not subject to the state volume caps.

Build America Bonds (BABs) - To help generate economy stimulus, Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA) in February 2009. One provision of ARRA established Build America Bonds, which allow issuers of otherwise tax-exempt bonds to issue taxable bonds in 2009 or 2010 for the same purpose. In return, the U.S. Treasury would pay a subsidy of 35% of an issuer’s interest expense to compensate for the premium bondholders require for taxable debt. This gives the tax-exempt issuers (mainly states and local government units) access to the larger (and currently healthier) taxable debt market. Bonds must be issued prior to January 1, 2011 to qualify for the subsidy.

State Infrastructure Bank (SIB) – State Infrastructure Banks are revolving loan programs to provide short-term financing to public entities and public-private partnerships for the purpose of accelerating the delivery of transportation projects. The National Highway System Designation Act of 1995 (NHS Act) authorized the creation of a SIB pilot program to provide loans and other credit assistance to public and private entities to carry out highway construction and other transportation projects. The Colorado SIB program is available to public entities or private corporate and non-profits. The Colorado SIB program typically makes relatively small loans ranging from \$500,000 to \$1.0 million and currently has an approximate lending capacity of \$2.0 million.

Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) - TIFIA established a Federal credit program for eligible transportation projects of national or regional significance under which the U.S. Department of Transportation may provide three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit. The program's fundamental goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system so that creditworthy projects of regional or national significance can be accelerated. The USDOT awards credit assistance

to eligible applicants, which include state departments of transportation, transit operators, special authorities, local governments, and private entities.

SAFETEA-LU authorized a total of \$610 million through 2009 to pay the subsidy cost of supporting Federal credit under TIFIA. Projects must meet the following criteria to qualify for a TIFIA credit.

- Large surface transportation projects (\$50 M and up)
- TIFIA contribution limited to 33 percent of project cost
- Senior project debt must be rated Investment Grade
- Dedicated revenues must be pledged to repay the TIFIA loan

The TIFIA program is very competitive and currently oversubscribed. The Office of Innovative Program Delivery (IPD) is considering alternative ways to keep the TIFIA program operational until the next federal highway funding bill is signed into law and the program can be recapitalized. One new approach the IPD is testing is to allow applicants to subsidize their own loans by providing funds directly to the USDOT.

Grant Anticipation Revenue Vehicle (GARVEE) Bonds - The NHS Act significantly expanded the eligibility of bond and other debt instrument financing costs for Federal-aid reimbursement. Since enactment of the NHS Act, a number of States either have issued or are considering project financing that utilizes bond or other debt instrument financing mechanisms involving the payment of future Federal-aid highway funds to retire debt. These mechanisms are called Grant Anticipation Revenue Vehicles or "GARVEE" bonds. Some States are designating these financings backed by future Federal funds as Grant Anticipation Notes or GANs.

The eligibility of a debt financing instrument for reimbursement with future Federal-aid, to the extent such funding may be available, does not constitute a commitment, guarantee, or other obligation by the United States to provide for payment of principal or interest, or create any right of a third party against the Federal Government for payment. GARVEE bonds have only been issued in Colorado to generate program-level funding (funding for multiple projects), though other states have issued GARVEE bonds at the project level.

Transportation Commission Borrowing – The HTPE enabling legislation allows funds to be borrowed directly from the Transportation Commission at terms set by the Transportation Commission.

PROJECT DELIVERY OPTIONS

Many public agencies who have faced financial or operational difficulties managing highways or other infrastructure assets have found Public-Private Partnerships (PPPs) to be an attractive means to achieve a desired level of service over the long-term while transferring undesired risks to the private sector. In its simplest form a PPP is an agreement between public and private sector parties that transfers some or all infrastructure functions to the private sector for some predetermined period of time. Almost all project components (aside from some level of oversight) can be transferred to the private sector, including project development, design, construction, financing, operations and maintenance. The exhibit below presents an array of PPP structures on a continuum of risk and project control.

At one end of the risk/control spectrum, Design-Bid-Build projects are considered to have a 'traditional' delivery approach, whereby the project is designed (either in house or by a consultant), the public agency issues an RFP for construction companies to build the project, and pays the construction company from available funds as they complete pieces of the project. When the project is completed, the public agency operates and maintains the asset.

If this 'traditional' approach does not fit a project's needs, for whatever reason, various degrees of private sector involvement are available, from design-build contracts for new construction projects to long-term operations concession agreements. Specific project characteristics and prevailing market trends will guide what is desirable and acceptable in a PPP arrangement for a given project. There are many possible variations in the structure and function of the PPP contract, but three standard variations on the continuum are described below.

PPP Structures and Risk/Control Matrix

	Development	Delivery	Operations	Maintenance	Finance	
	Public	D-B-B	Public	Public	Public	Design-Bid-Build
	Public	D-B-B	Private	Public	Public	Private Contract Fee Services
	Public	D-B-B	Private	Private	Public	Design-Build
	Public	D-B	Public	Public	Public	Build-Operate-Transfer (DBOM)
	Public	D-B	Private	Private	Public	Long-Term Lease Agreement / DBFO
	Public/Private	D-B	Private	Private	Public/Private	Build-Own-Operate
	Private	D-B	Private	Private	Private	

Design-Build (DB) - A design-build contract typically involves a fixed fee contract with a single firm, joint venture, or consortium for facility design and construction services together. The public sector obtains funding for the project and retains responsibility for operations and maintenance services after construction is complete. The private sector assumes the primary design and construction risk for completing the project for a fixed price on a date certain schedule. Liquidated damages are normally set so that a failure to deliver on time provides the public authority funds to make debt payments or offset other damages. Generally, the use of the design-build approach enables projects to be completed faster and potentially with less funding (due to fewer change orders) because timing and coordination of design and construction are all under the control of a single entity.

Design-Build, Operate, Maintain (DBOM) - Design-build, operate, maintain contracts, also known as Built Operate Transfer (BOT) or “turnkey” contracts, would combine the design-build responsibilities described above with private operation and maintenance of the assets for a fixed period of time, with the public sector retaining all financial responsibility for construction and maintenance costs throughout the life of the contract. Under this PPP arrangement, the private entity would submit a fixed price contract that would cover not only design and construction, but also operations and maintenance costs for a period of time, usually long-term in nature. A variation of this would be to include only the operations portion (for tolled facilities), or to include the maintenance portion for a short period that would effectively provide an extended warranty (say 3-5 years).

Concessions/Design-Build, Finance, Operate/Maintain - Concessions transactions have been structured around all types of revenue generating infrastructure, from airports and parking garages to toll roads. A concession agreement involves the long-term lease of an infrastructure asset to a private entity, who agrees to build, operate, maintain, or improve the asset in exchange for the right to collect toll revenues or other payments from the public entity (Availability Payments).

Concessions can be for new projects (greenfields) or existing projects (brownfields) which may not include the design-build portion of the transaction. Two examples of Greenfield concessions, where a new facility or capacity was financed through a concession structure, include the SR125/Southbay Expressway in the San Diego area and the SR91 Express Lanes in Orange County. The SR 91 Express Lanes were originally developed, constructed and operated as a concession but were sold back to the public sector (Orange County Transportation Authority) in 2003.

Concessions first gained popularity in the US as multi-billion dollar transactions for the Chicago Skyway and Indiana Toll Road. These were unique because they were “asset monetization” or “brownfield” transactions where an existing facility was used to obtain a large up-front payment in return for turning over the toll revenue stream and operations of the asset for a lengthy period (75-99 years.) In these cases, the public agency retains ownership of the asset over the term of the lease and the up-front payment from the concessionaire can be used at the public partner’s discretion, i.e. to retire debt or pay for other projects. In addition to the up-front payment, some transactions provide for revenue-sharing if profits for the concessionaire exceed a pre-determined rate of return cap.

In most cases where the private entity finances the project, it issues debt (preferably tax-exempt debt such as Private Activity Bonds) in conjunction with some equity contribution from one or more private partners in the venture. The private partner may assume traffic and revenue risks by collecting tolls (as is the case for Brisa in the Northwest Parkway Concession) or could leave this risk with the public sector and opt to accept a fixed stream of availability payments from the public partner.

Availability Payments are most often used in instances where the money derived from the project (toll revenue) is not sufficient to repay all costs of the private partner. The Florida Department of Transportation (FDOT) used this approach for adding tolled lanes to I-595 in 2009. In this instance, FDOT will collect and keep all of the toll revenue. The concessionaire will build the tolled lanes and maintain the entire facility in return for a series of Availability Payments from FDOT, that can fluctuate based on the concessionaires level of performance on specific operations and maintenance provisions of the contract. In this case, the private sector is not taking on traffic and revenue risk.

Some aspects of a concession agreement can be negotiated between the public and private parties after selection, though the bidders must provide binding bids for the concession in light of operations, maintenance, and capital program specifications outlined by the owner. Typically the owner specifies desired terms of the concession up front and the bidders submit a letter of credit and agree to sign the concession agreement along with their bid. Concession terms often last greater than 50 years and, for toll roads, normally have a pre-agreed toll increase structure such as allowing tolls to increase based on the Consumer Price Index.

The value of the facility to a concessionaire is completely reliant on cash flows from operations, so newer facilities in good operating condition are desirable, but only if their customer base is strong, diverse and willing to pay high toll rates to use the facility (i.e. congestion exists with few free alternative routes). Additionally, federal restrictions on concessions (especially involving Interstates) are currently under debate and restrictions may be part of the next federal funding authorization.

FEDERAL PROGRAMS

This section briefly describes the federal programs that are currently available for states and local agencies to implement toll facilities. These programs potentially apply on any roadway that was built with or receives federal funding (i.e. Interstates and U.S. Highways). Some of these programs were new when SAFETEA-LU was signed into law, while others were created as part of previous federal authorizations and reinstated. Some of these programs have a predetermined number of spots that limit participation, but in all cases, a thorough review of the project and application process must be undertaken and a tolling agreement established with FHWA to avoid potential negative outcomes.

Current federal law clearly prohibits the new institution of tolling on Interstates not engaged in the six programs established under the Transportation Equity Act for the 21st Century (TEA-21), the Intermodal Surface Transportation Efficiency Act (ISTEA), or SAFETEA-LU. Section 129 of Title 23 of the US Legal Code states: "Except as provided in section 129 of this title with respect to certain toll bridges and toll tunnels, all highways constructed under the provisions of this title shall be free from tolls of all kinds." The six projects currently in law are:

1) Interstate System Reconstruction and Rehabilitation Pilot Program

Originally authorized under TEA-21, the Interstate System Reconstruction and Rehabilitation Program (ISSRRP) was continued without alteration after the passage of SAFETEA-LU. Under section 1216(b) of TEA-21, the ISSRRP was established to permit a State to collect tolls on a highway, bridge, or tunnel on The Interstate system for the purpose of reconstruction and rehabilitation. The law states that the Interstate highway corridors would need to be in a condition that could not otherwise be adequately maintained or functionally improved without the collection of tolls.

The law allows three ISSRRP projects to be approved, and each of the three projects must take place in a different state. There is currently only one open slot available. The other two slots were filled by Interstate 81 in Virginia in 2003 and Interstate 70 through Missouri in 2005. Pennsylvania submitted an application under this program to toll I-80, but was rejected in September of 2008 due to FHWA's disapproval of the Pennsylvania Department of

Transportation's plan to spend some of the forecast toll revenue on items that were not viewed as legitimate operating costs of the facility.

Priority is to be given to proposals that intend a public agency to operate the tolling facility. Toll revenues may only be used for debt service, a reasonable rate of return on investment, and any necessary Interstate operations and maintenance costs. Interstate Maintenance funds are prohibited from being used in conjunction with this program.

2) Express Lanes Demonstration Program

SAFETEA-LU created the Express Lanes Demonstration Program, which authorized 15 projects under which toll facilities could be implemented to manage high levels of congestion, reduce emissions, or to finance the expansion of a highway, bridge or tunnel on the Interstate system in order to reduce congestion.

Tolls are required to vary by time of day in all HOV lanes in order to reduce congestion, with variable pricing left optional for non-HOV lanes. Motor vehicles with less than two occupants may use HOV lanes. All fees collected from express lanes must use automated non-cash collection systems.

The federal government may fund up to 80% of the total project cost. To be eligible, states must describe the current congestion or air quality issues requiring participation in the program, the goals sought to be achieved, and all performance measures that will be used to measure the success of the project in achieving the stated goals.

3) Section 129 Toll Agreements

Under section 129 of title 23 of the United States Code, federal funding is authorized for any of the five following toll projects:

- Initial construction of a bridge, highway, or tunnel, excluding those on the Interstate system.
- Reconstruction or replacement of an existing toll highway, bridge or tunnel.
- Reconstruction or replacement of an existing bridge or tunnel and conversion to a toll facility.
- Reconstruction of a toll free federal aid highway and conversion to a toll facility, excluding those on the Interstate system.
- Feasibility studies for a toll facility implemented using any of the four options described above.

The federal government may fund up to 80% of the project cost for these agreements. All revenues must be used for debt service, operations and maintenance, or a reasonable return on investment. There is no limit to the number of agreements supported by the federal government.

4) Interstate System Construction Toll Pilot Program

SAFETEA-LU authorized the Interstate System Construction Toll Pilot Program, which allows a state or an "Interstate compact of States" to collect tolls on a highway, bridge, or tunnel on the Interstate system in order to construct new Interstate highways.

The law allows three such projects to be approved. One of the three slots was approved for I-73 in South Carolina in 2007. The two other slots remain open.

Applications must contain an analysis that shows that tolling is the most efficient and economical way to advance the project, along with a facility management plan that details a tolling plan, schedule and budget, with a discussion surrounding potential private involvement in the operations and maintenance of the facility. Priority is to be given to proposals that intend a public agency to operate the tolling facility. Toll revenues must be automatically collected, and may only be used for debt service, a reasonable rate of return on investment, and any necessary Interstate operations and maintenance costs.

5) HOV Facilities

Section 1121 of SAFETEA-LU replaced Section 102(a) of Title 23 of the United States Code with a new Section 166 that clarifies some of law surrounding the operation of HOV facilities. First, under the new amendment, States are permitted to charge tolls to vehicles using HOV lanes that do not meet the occupancy requirements, so long as

the state manages demand by varying the toll amount and enforces facility violations. The amendment also authorizes States to create HOT lanes.

6) Value Pricing Pilot Program

The Value Pricing Pilot (VPP) program was created in the ISTEA to fund studies of innovative toll pricing projects to mitigate highway congestion. However, VPP funds were reallocated to the USDOT’s Urban Partnership Agreement in 2006.

POTENTIAL FUNDING OPTIONS

Traditional sources of funding for transportation projects include Federal programs (National Highway System, Surface Transportation, Highway Bridges, Congestion Mitigation and Air Quality, and Highway Safety Improvement) and state and local programs, including state or local general obligation bonds or city capital improvement plan budget allocations. Most transportation projects, including maintenance projects, receive funding through one of these programs, which pool funding from a variety of taxes or fees and allocate them to several projects.

The HPTE, however, is an enterprise which lacks taxing authority. In addition, legislation is required either to establish a fee structure or to grant the enterprise the authority to establish its own fee structure. The fee is to be paid by those who benefit from the service. The HPTE has the legislative authority to impose tolls (a fee) but that is the only funding source authorized by the legislature at this time.

In order to maintain enterprise status, the HPTE cannot receive more than 10% of its revenues from state or local sources. Federal funds can however be transferred to the HPTE without regard to the 10% limitation.

The following table lists several revenue sources though not all of these are in use and many may be politically or functionally difficult to impose. Use of funding from these sources would be subject to the 10% of revenue cap.

Other Revenue Sources

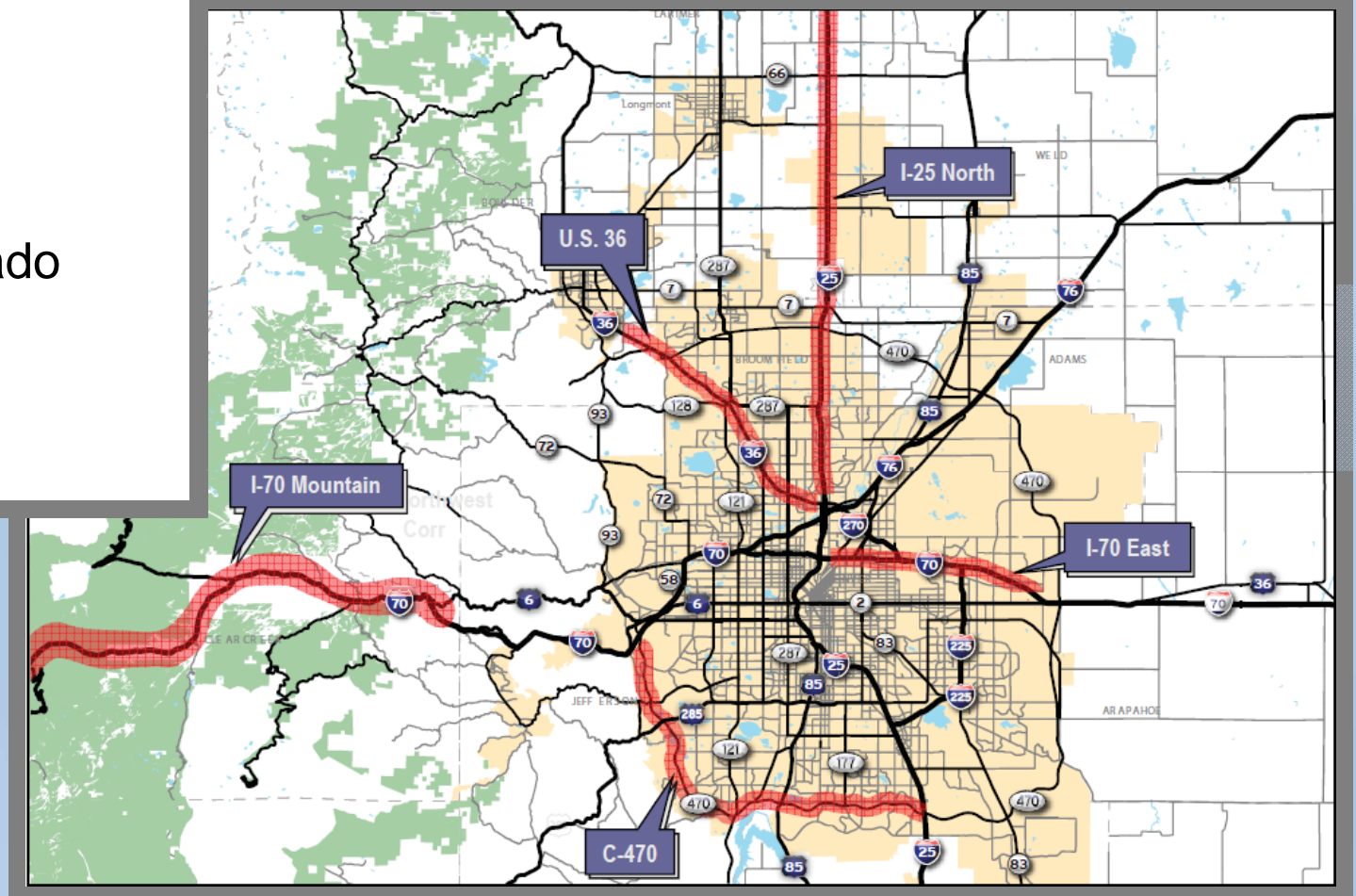
1 Tolling	15 Surcharge on Moving Vehicle Violations
2 Fuel Taxes / Surcharges	16 Gambling Related Taxes
3 Fee on Vehicle Miles Traveled	17 Delivery Tax/ Fee on Sales (Internet or All)
4 Motor Vehicle Registration Fee	18 Real Estate Transfer Tax
5 Sales Tax on Vehicles and Vehicle Parts	19 Parcel Tax
6 Sales Tax on Vehicle Repair Services	20 Development Impact Fee
7 General Sales and Use Tax	21 Transportation Impact Fee
8 Income Tax	22 Parking Taxes
9 Statewide Property Tax	23 Tax Increment Financing
10 Lodging and Vehicle Rental Tax	24 State Liquor / Tobacco Tax
11 Severance Tax	25 Recordation Fees
12 Weight Distance Tax on Trucks	26 Privilage to Work Taxes
13 Local Impact Fees	27 Lottery Related
14 Fuel Tax	28 Public Improvement Fee

Appendix D
HPTE Potential Projects Inventory

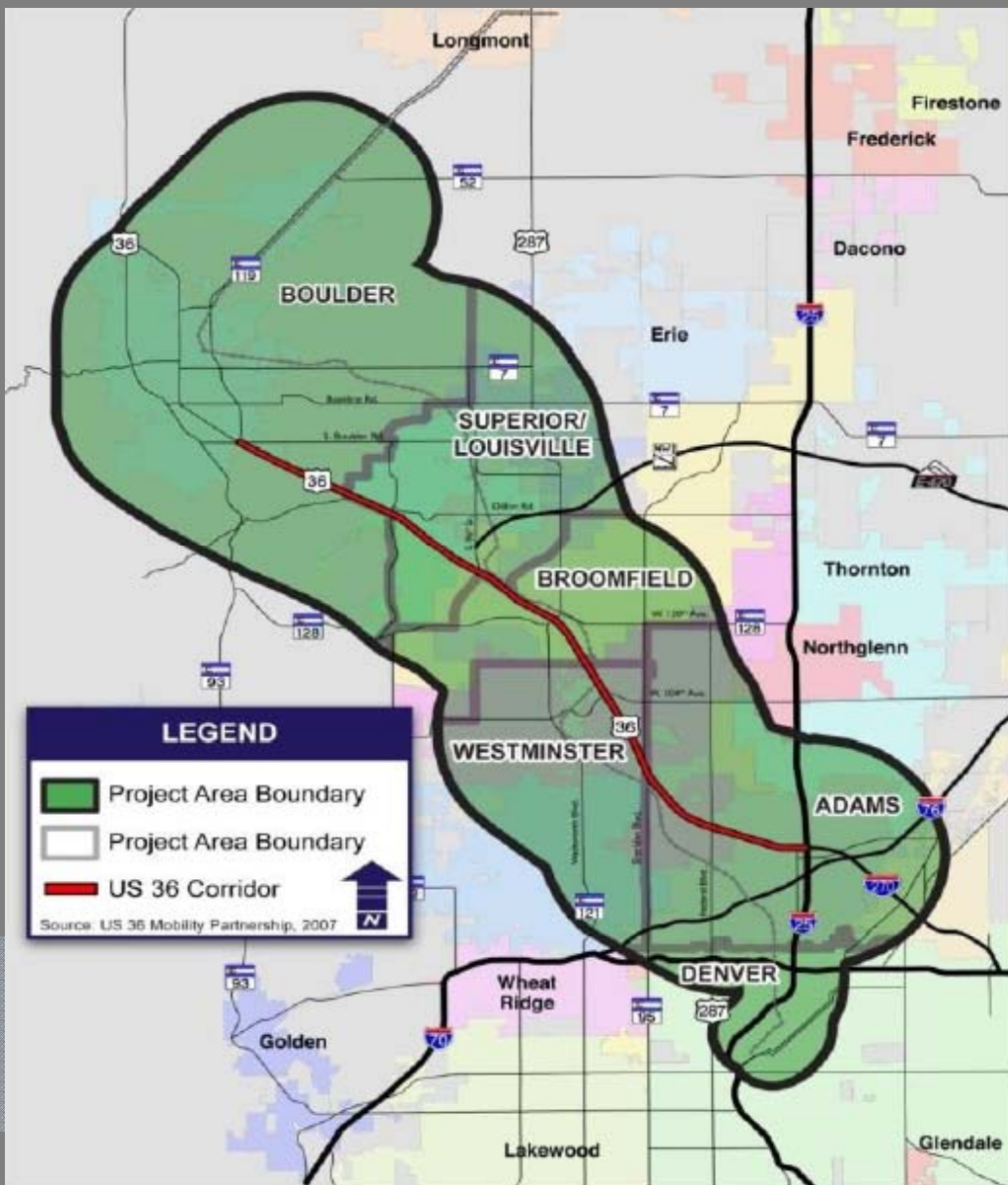
Project Status Inventory

Potential Projects:

- US 36
- I-25 North
- C-470
- I-70 East
- I-70 Mountain
- Powers Blvd./Colorado Springs Toll Road



US 36 Project



Project Scope:

- 1 Managed Lane each direction 18 miles from I-25 to Boulder
- Multimodal – HOV, BRT and SOV (Tolled)
- Total Project: \$1.4 B Preferred Alternative
- Initial Project Phase: 6.8-miles; I-25 Express Lanes to Broomfield Interchange (\$160 M)

Project Status:

- NEPA Complete: ROD 2009
- Moving forward Phase 1 TIGER Grant and T&R Investment Grade Study RFP Released

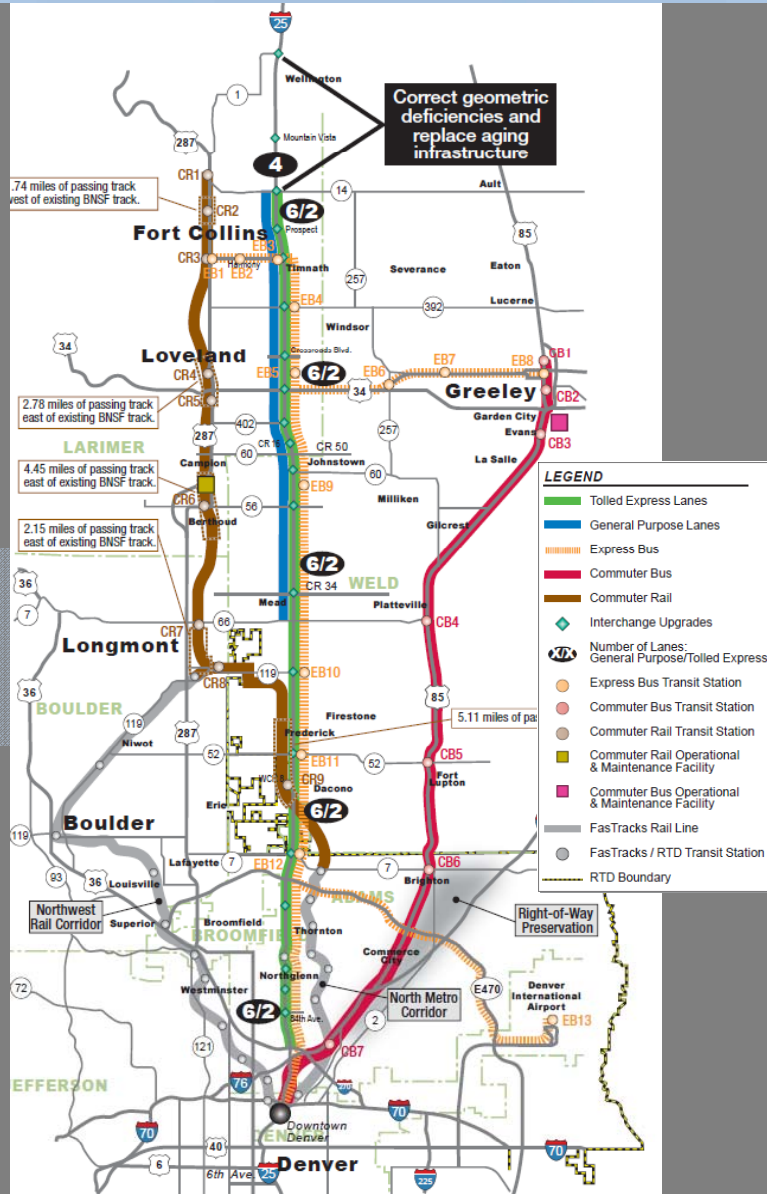
Funding/Financing Plan:

- TIGER Grant \$10 M; TIFIA Loan: \$50-\$80 M;
- DRCOG, RTD, CDOT Funds: \$85 M
- Anticipated Toll Revenue: \$5 M

Community Support:

- Strong Stakeholder and Community Support
 - US 36 Corridor Coalition
 - Preferred Alternative Committee (PAC)

I-25 North Project



Project Scope:

- 1 Toll Express Lanes (TEL) each direction from US 36 to Harmony Rd. (Ft. Collins)
- Addtl. general purpose lanes from SH 66 to Harmony Rd. (Ft. Collins)
- Commuter Rail using BNSF tracks along US 287
- I-25 Express Bus; US 85 Commuter Bus

Project Status:

- NEPA: Final EIS: Spring 2011; ROD: Summer 2011
- 3-Phase Project Implementation Planned; Phase 1 planning in progress
- Potential TEL shoulder use during peak hours in interim: Existing I-25 Express Lanes to SH 66

Funding/Financing Plan:

- Phase 1 - \$640 M; NFR, DRCOG, STIP Listing
- Phase 2 and 3 – Each \$1 B packages over 20 yrs
- Does not currently assume toll revenue or bonding

Community Support:

- 2 Regional Committees: TAC and RCC
- Overall positive support for Preferred Alternative

C-470 Project

STUDY AREA MAP



Community Support:

- Past stakeholder and community issues (Douglas County)
- Uncertain of support today
- Recent movement by elected officials to reopen discussion of corridor funding plan

Project Scope:

- 2 Toll Express Lanes (TEL) each direction 26 miles from I-25 to I-70 (\$700 M)
- Initial Project Phase: 12 miles from I-25 to Kipling (\$350 M)

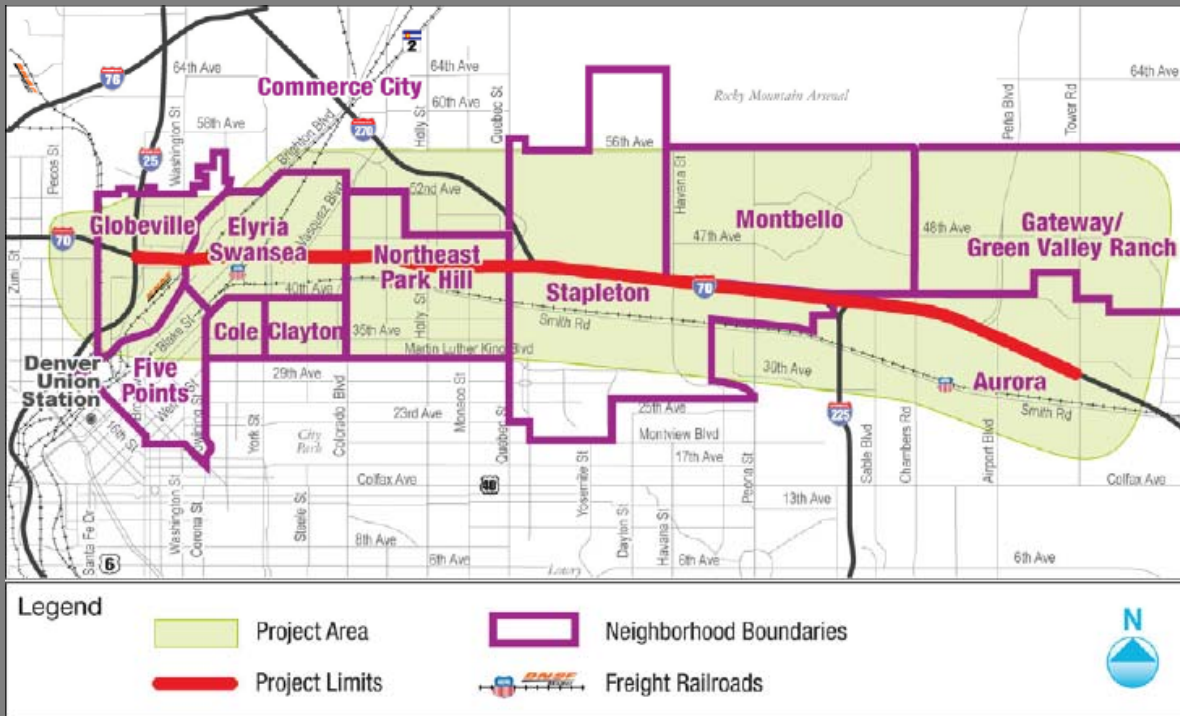
Project Status:

- ELFS: I-25 to I-70 – Final Report 2005
- NEPA: I-25 to Kipling- EA Signed 2006; FONSI never approved due to lack of funding
- C-470 Santa Fe Interchange NEPA approval and Phase 1 funded and under construction

Funding/Financing Plan:

- C-470 Santa Fe Interchange Phase 1 funded TIP/STIP
- No other corridor funding or listing in TIP/STIP

I-70 East Project



Community Support:

- Differing opinions on 3 possible alternatives
- CDOT conducting consensus process within FEIS to determine Preferred Alternative

Project Scope:

- 12 miles Brighton Blvd. to Tower Rd.
- 3 Possible Alternatives:
 - No Action – Replace viaduct only
 - Replace viaduct and widen from Brighton to Tower
 - Remove viaduct and realign and widen I-70 north to 52nd Ave., tie into I-270, and return to current alignment to Tower Rd.
 - Project Cost: \$1B-\$2B

Project Status:

- NEPA: Final EIS ongoing – 18-month process; ROD planned 12-month process
- Current rehab work on viaduct to extend life 10-20 years

Funding/Financing Plan:

- No current available funding
- \$422 M identified in LRTP
- Toll funding is being considered

I-70 Mountain Corridor Project



Project Scope:

- Denver to Glenwood Springs, 144 miles
- Includes High Speed Rail /Advanced Guideway System and TDM Measures
- Six-lane from Floyd Hill through the Twin Tunnels, including bike trail
- Frontage roads from Idaho Springs East to Hidden Valley and Hidden Valley to US 6.
- Empire Junction (U.S. 40/I-70) improvements.
- Eastbound auxiliary lane from Eisenhower Johnson Memorial Tunnel (EJMT) to Herman Gulch
- WB auxiliary lane from Bakerville to the EJMT.

Project Status:

- Programmatic EIS ongoing; currently revising Draft PEIS to include Collaborative Effort recommendations;
- ROD Anticipated Spring 2011

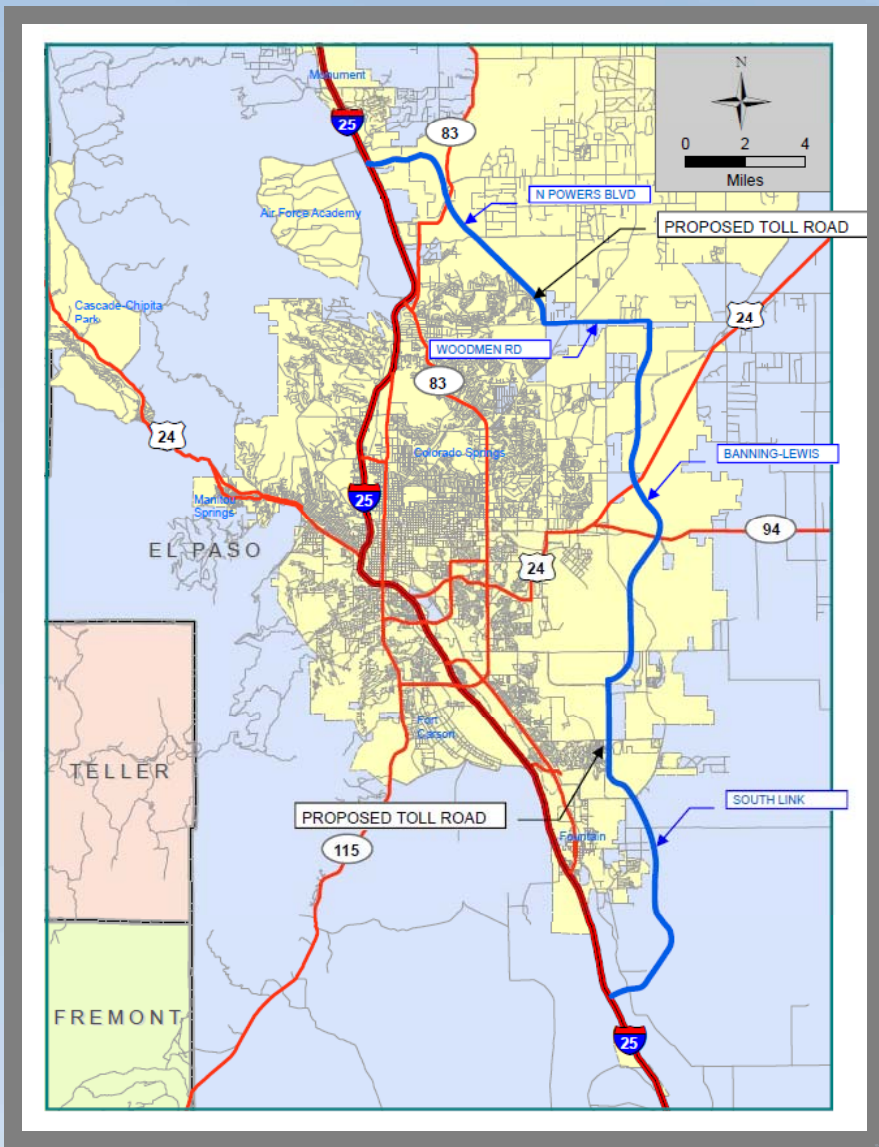
Funding/Financing Plan:

- Commission originally committed approximately \$1.6 B of the Strategic Corridor Investment Program
- No other funding currently available

Community Support:

- I-70 Coalition
- Collaborative Effort - 27-member stakeholder group, consensus on Preferred Alternative

Powers Blvd./Colorado Springs Toll Road Project



Project Scope:

- Local developer champion – Case International
- 4-lane toll road eastern Colorado Springs, 33 miles
- Phase 1: \$300 M; Total Project: \$600 M

Project Status:

- Last discussions of toll road in 2008
- North Powers EA/FONSI in 1999, but did not clear toll road so re-eval would be required; No other NEPA work for project, just feasibility study
- Current Urban Renewal designation

Funding/Financing Plan:

- North Powers section - potential bonding supported by local sales tax revenue; Developer will pay to build between SH 83 and I-25; paid back with sales tax revenues from new mall
- Private sector study found toll-feasible project
- Full project in LRTP and could be funded by tolls

Community Support:

- Local elected officials, including Colorado Springs City Council, did not express support for toll road
- Tolling education of public and business stakeholders needed to generate support/acceptance
- Potential issues with Federal funding of existing sections

Appendix E
CTE Documents Inventory

CTE Document Inventory Summaries

Document Number	Document Name	Page Number
1	Colorado Tolling Enterprise Board Retreat	2
2	Colorado Tolling Enterprise Preliminary Traffic and Revenue Study	4
3	C-470 Unsolicited Proposal	9
4	I-70 Unsolicited Proposal	11
5	Colorado Tolling Enterprise Business Plan Outline	13
6	ADHOC Committee on Tolling	15
7	Opinions of Denver Metro Area Residents on Tolled Express Lanes (CTE HOV/Express Lanes Survey and Focus Group Report)	17
8	C-470 Express Toll Lanes Market Demand Survey	19
9	Arapahoe, Douglas and Jefferson County – C-470 Toll/Transportation Funding Survey (Douglas County C-470 Survey)	21
10	I-25 Intergovernmental Agreements (IGAs)	23
11	I-25 HOV/Toll Lanes Traffic Incident Management Plan (IMP)	25
12	Political Outreach Materials and Memos	27

CTE Document Inventory Summaries

Document Number: 1

Document Title: Colorado Tolling Enterprise Board Retreat

Author: HNTB Corporation and CDOT

Date/Last Updated Date: January 21, 2003

Status: Board retreat was organized and attended by Scott Smith of HNTB (meeting facilitator), Peggy Catlin (Acting Enterprise Director), several members of the Colorado Tolling Enterprise Board, and CDOT personnel.

Relevant Files Available: Compilation of retreat materials including: itinerary, agenda, meeting handouts/reference papers, meeting notes, outline of toll project evaluation criteria, CTE proposed schedule and action items moving forward.

Document Purpose: The purpose of the Colorado Tolling Enterprise retreat was to provide guidance and discuss an approach for development of a statewide system of toll corridor projects in Colorado. A process and criteria for analyzing the feasibility of candidate toll projects was also discussed.

Document Content Summary: Objectives of the Retreat included the following:

- Identify a set of candidate toll corridors based on average daily traffic, need for widening, and need for new corridors or bypasses.
- Identify and discuss an amendment process for the candidate toll system plan.
- Discuss an approach to a toll study scope and request for proposal.
- Review timeline for completing a toll feasibility study process on first project corridor.
- Discuss key questions from Tolling Enterprise Workshop II presentation.
- Consider technical corrections to legislative bills concerning toll legislation.
- Discuss follow-up questions and/or meetings to facilitate toll study process.

A summary of the Statewide Toll Enterprise Workshop II (held August 14, 2002) was presented at the meeting and a corresponding hand-out was included in this document. The handout indicated development of a Vision Statement and a Mission Statement, and discussion of “key questions” concerning development of a statewide system of toll highways, process, timing, traffic/revenue feasibility analysis in relation to the NEPA process, and acceptance criteria of unsolicited proposals.

Another handout discussed CDOT’s initiation of the update of the Statewide Transportation Plan for 2030, the process involved, and the investment framework for the plan. The components of the Vision for the plan include Revenue Projects, Resource Allocation based on Performance Objectives and Statewide Policy, and a Strategic System Corridor Vision.

A set of tables were handed out that depicted traffic volumes of various highway segments throughout the state. Each segment was given a "Candidate Toll Facility Score". This handout was used as part of the discussion on toll project evaluation process and criteria.

This document also includes "Retreat Notes" with bulleted items under several categories including Boxes (map, feasibility studies, candidate corridor steps), Phase 1 and 2 Steps for Preliminary/Investment Grade Studies, Project Implementation Steps, Workshop Goals, Criteria for Candidate Toll Corridors, Subjective Criteria, and miscellaneous items regarding NEPA, STP, and Statewide Transportation Advisory Committee STAC.

An additional handout from the retreat was entitled "Lessons Learned: Redesigning a State for Toll Road Development" (dated February 19, 1997). It included notes/minutes from a presentation given by Neal McCaleb who is the Oklahoma Governor's Transportation Secretary; the head of the Oklahoma DOT; and the head of the Oklahoma Turnpike Authority. It was attended by personnel from the Transportation Commission, CDOT, and CMAQ (Congestion Mitigation and Air Quality). Mr. McCaleb discussed Oklahoma's experience with toll roads and how they relate to the overall DOT program. Topics included financing, tolling options, revenue expenditure allocation, public reaction, where to build toll roads, and public/private partnerships.

A schedule for subsequent CTE Workshops/Retreats was also included showing October 2003, November 2003, December 2003, and January 2004 as planned dates moving forward, and indicating topics and action items that were planned for discussion.

Potential Benefit to HPTE Board: The HPTE Board may want to review the retreat meeting notes to see what type of candidate toll project evaluation process and criteria were considered at the time of early CTE program start-up. The materials also provide history and insight on the decision-making process related to how CDOT and CTE moved forward with the candidate toll projects from initial screening into the subsequent Traffic and Revenue Feasibility Study.

Future Actions Necessary to Update/Complete Document: None

Document Number: 2

Document Title: Colorado Tolling Enterprise Preliminary Traffic and Revenue Study

Author: Wilbur Smith Associates, in association with HNTB Corporation, Citigroup and Felsburg Holt & Ullevig

Date/Last Updated Date: December 2004/January 2005

Status: Complete/Final Report

Relevant Files Available:

- Final report
- Executive Summary of report
- PowerPoint presentation of study results
- Summary table of study results

Document Purpose: The purpose of the Traffic and Revenue Study was to assess the financial feasibility of tolling a list of candidate toll projects throughout the state of Colorado. Prior to the initiation of the Traffic and Revenue Study, CDOT and CTE had internally developed a screening process for evaluating over 90 candidate toll projects throughout the state that would add new capacity to the state's transportation system. The initial screening process retained about 40 of the 90 candidate toll projects that were considered to have high or medium potential for tolling. The CTE Traffic and Revenue Study was then developed to further focus on the potential financial feasibility of tolling the remaining 40 candidate toll projects which passed the initial screening review. The study was conducted as a two tier screening process to evaluate and screen the candidate toll projects at increasing levels of detail as the study moved forward. The outcome of the study was a list of approximately 10-12 project corridors that CDOT and CTE felt had strong financial feasibility for tolling (meaning that all or nearly all of the project construction/implementation costs could be paid for using toll revenue bond financing) that they would then prioritize and evaluate further within the CTE program as it moved forward.

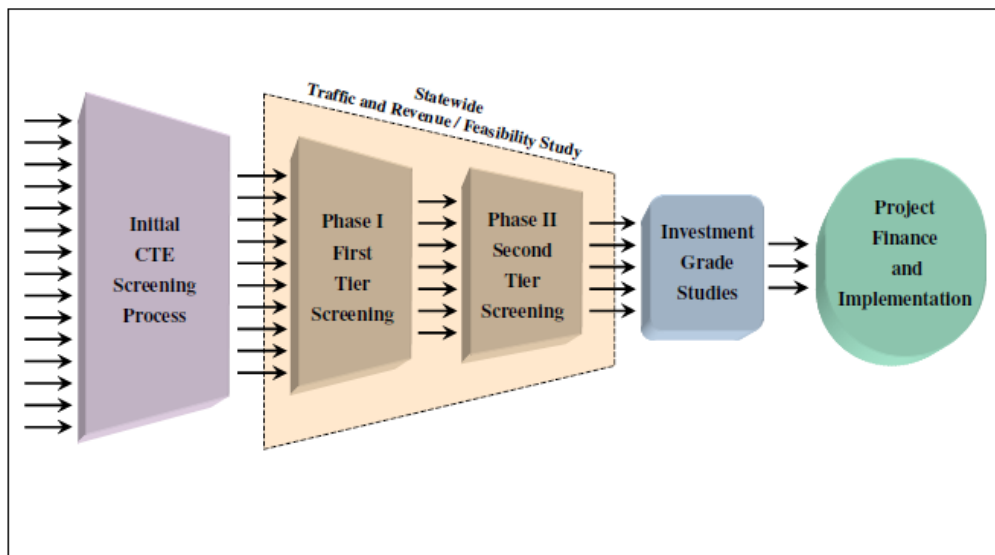
Document Content Summary: Within the Traffic and Revenue Study, the following types of candidate toll projects were considered for toll financial feasibility within the study:

- Managed lanes
- New toll roads
- Managed facilities (new limited-access lanes constructed in the right-of-way of an arterial roadway)
- Truck toll lanes,
- Toll tunnels,
- Conversion of high occupancy vehicle (HOV) lanes to high occupancy toll (HOT) lanes.

All of the candidate projects considered tolling new capacity only; no existing lanes or corridors were considered for tolling due to state and federal legislative restrictions.

The study was conducted as a two tier screening process to evaluate and screen the 40 candidate toll projects at increasing levels of detail as the study moved forward.

The following screening process was applied to evaluate each candidate toll project, as shown in the Figure.



COLORADO TOLL CANDIDATE SCREENING AND STUDY PROCESS

The first tier screening process developed a set of screening criteria for the 40 candidate toll projects and was conducted as a sketch-planning study with exploratory level cost estimates and traffic and toll revenue projections. The first tier screening focused more specifically on each of the individual projects, based on previous planning and/or design studies and readily available traffic and economic data. This first-tier screening process was a generally subjective analytical approach, albeit somewhat more detailed and rigorous than the initial screening process performed internally by CTE and CDOT. Twelve first tier screening criteria were used initially to screen the candidate toll projects. These criteria included the following:

- Potential Safety Impacts;
- Toll Operations Viability Assessment;
- Economic Growth Considerations;
- Consistency with Statewide and Regional Plan Goals;
- Community Impact Assessment;
- Congestion Relief Potential;
- Network Continuity Considerations;
- Order-of-Magnitude Construction Cost Estimates;
- General Constructability Assessment;
- 20th Year Traffic and Revenue Potential;
- Relative Financial Feasibility Index; and
- Other considerations.

A listing of all 40 projects considered in the first tier screening can be reviewed in the Traffic and Revenue Study document.

The second tier screening process then considered a subset of projects that were found to have good potential for tolling in the first tier study. The second tier study was conducted as a more detailed Traffic and Revenue feasibility study and looked at approximately 10-12 candidate toll projects. Available travel demand models were used to develop preliminary estimates of traffic and revenue potential, more detailed cost estimates were developed and a financial feasibility assessment was conducted to determine each project's financial feasibility as a toll facility.

Traffic assignments for all second-tier projects were made at opening (2010) and future (2025 or 2030) years at optimum toll rates. For these, annual estimates of traffic and toll revenue over a 30-year period from 2010 to 2040 were prepared. The second-tier projects included the following:

- I-70 – From I-25 to E-470
- I-70 – From Idaho Springs/Eisenhower Tunnels
- U.S. 36 – From I-25 to Boulder
- C-470 – From I-70 to I-25
- I-225 - From S.H. 83 to I-70
- U.S. 287 – From I-25 to Livermore
- Powers Boulevard – From I-25 North to I-25 South
- Banning-Lewis Parkway - From Colorado Springs from I-25 N. to I-25 S.
- NW Corridor - From U.S. 6 to NW Parkway
- Front Range - From Fort Collins to Pueblo
- I-270 – From I-70 to U.S. 36

In parallel to the traffic and revenue analysis, the study team also refined project capital, maintenance and operating cost estimates initially developed during the first-tier screening process. Together with the estimates of toll revenue, capital, and maintenance and operating costs, a financial feasibility assessment was performed. Citigroup undertook the analytical responsibility to assess financial feasibility, using their discounted cash flow model. The analysis determined the capacity of the proposed project to support debt, and also included setting aside sufficient reserves for unplanned major maintenance or construction, for debt service, and for rate/toll stabilization. Each project was analyzed as a stand-alone, single asset facility and then, several select projects were analyzed under an integrated “system” approach to gauge levels of feasibility. The study team evaluated the financial feasibility of the second-tier candidate toll projects to assist CDOT in determining the priority and economic feasibility of the projects.

The following Figure shows the study results for each of the second-tier candidate toll projects. It should be noted that the study assumed publicly-financed projects only and did not consider the impacts or feasibility of a public-private partnership financing approach. Additionally, the study only considered tolling new capacity, including new corridors and new express lanes on existing facilities.

The results of the study show that some project corridors (indicated by a green dot) were found in the study to be able to pay for all or nearly all of the project construction/implementation costs through toll revenue bond financing at the time the study was conducted. Some project corridors (indicated by a yellow dot) were able to pay for a satisfactory percentage of the overall project costs of implementation, but would need to combine a mix of other state or local funding to implement the project. Other project corridors (indicated by a red dot) were found not to be

financially feasible using toll revenue bond financing at the time of the study, indicating their implementation costs could not be covered by the estimated tolling revenue the corridor could capture.

Financial Feasibility Summary (With Full Project Cost + 100bps)

PROJECT	TYPE	SCENARIO	FULL PROJECT COST	FULL PROJECT COST +100bps
I-25 North	ETL	1	●	●
I-70 East	ETL	3	●	●
U.S. Route 36	ETL	1	●	●
I-225	ETL	1	●	●
I-270	ETL	1	●	● (10.8%)
C-470	ETL	2A	● (12.5%)	● (20.0%)
Northwest Corridor	Toll Road	2	● (16.5%)	● (20.0%)
Denver Area "System"	System	1	● (20.0%)	●
Denver Area "System"	System	2	●	●
I-70 Mountain Corridor	Tunnels	3A	●	●
U.S. 287 Bypass	Toll Road	1	●	●
Powers Boulevard	Toll Road	4	● (10.0%)	● (20.0%)
Banning Lewis Parkway	Toll Road	2	●	●
Front Range T.R.	Toll Road	1	●	●

● Feasible With Toll Revenue Only
 ● Feasible With Tolls and Some Federal Funds (% Additional Funds Needed)
 ● Not Feasible

At the time of the study, the U.S. 36 Corridor was shown to be a project that was not feasible for toll financing. However, as the state is seeing today, if the state and local governments can put together a package of other supporting funding mechanisms, toll financing can still be used as a part of that overall package to implement a project.

The details of the financial analysis assumptions can be reviewed further within the Traffic and Revenue Study to see how, at the time of the study, the study team applied TIFIA loans and other financing methods, such as 100 basis points (bps), to assist with the financial feasibility of the projects.

At the conclusion of the study, CTE and CDOT were moving forward with the final list of candidate toll projects and working towards prioritizing which projects to focus on first within the CTE program. At the time of the study, the C-470 corridor and I-25 corridor were high on the list of priorities moving forward

Potential Benefit to HPTE Board: This study is very beneficial to the Board moving forward because it provides background on the potential toll financial feasibility of many of the HPTE’s potential future project priorities. The Board can review this study information to assess which projects were evaluated to have strong financial feasibility for implementation through tolling at the time of the study. The Board will also be able to identify where there were gaps in financing for certain projects at the time of the study.

The Board and its GEC team can then utilize the information from this study within their 2010 action planning related to HPTE's project planning, prioritizing and analysis moving forward. The team can update, refine and reevaluate the initial findings and corridor development concepts considered within the study and identify ways to fill project financing gaps. Similar to the approach that is being taken to finance and implement the first phase of the U.S. 36 corridor, the team can perform further exploratory analysis to evaluate a candidate project under current financial and economic market conditions, and identify ways of financially structuring and packaging the project to support getting a project implemented, but still meet the legislative and governance requirements of the HPTE organization.

Future Actions Necessary to Update/Complete Document: The study at the time of its conclusion was a final report; however there are assumptions and findings that would need to be reevaluated within the study before moving any specific project corridor forward into implementation. The Board would need to reevaluate the original findings of the study related to any specific project corridors of interest, due to the passage of time since the study was conducted, as well as due to changes in economic and financial market conditions.

Additionally, the original study did not assess the candidate projects using public-private financing. It also did not consider tolling existing capacity, but rather only new capacity, such as new corridors or specific new express lanes. Reevaluating the project corridors and their proposed development concepts to consider a wider range of financing mechanisms and financial structuring options or packages would be recommended prior to moving any candidate projects forward.

Document Number: 3

Document Title: C-470 Unsolicited Proposal (Addendum to Original Proposal for C-470 Corridor Express Lanes – Reformulated Proposal)

Author: F&F Infrastructure, Limited Liability Company comprised of Flour Daniel and Flatiron Structures Company

Date/Last Updated Date: February 2002 for the Reformulated Proposal; December 2005 for Additional Information to the Reformulated Proposal.

Status: Proposal stage only, with signed Predevelopment Agreement with CDOT – never moved forward with implementation of the project as P3.

Relevant Files Available:

- Hard copy of Reformulated Proposal (February 2002)
- Hard copy of Additional Information for Proposal (December 2005)
- Predevelopment Agreement (June 2003)

Document Purpose: The purpose of these documents was to provide CDOT with an unsolicited proposal and subsequent reformulated proposal of services to construct Express/High-Occupancy Toll (HOT) Lanes on the C-470 Corridor. After the initial unsolicited proposal submission, CDOT issued a Request for Comparable Proposals on January 18, 2002. The proposal was updated in February 2002 and again in December 2005.

Document Content Summary: This proposal contains a detailed description of the project, information on qualifications and experience of the team, the project characteristics, project financing, public support, and project compatibility.

In accordance with the Public-Private Initiatives (PPI) program, F&F Infrastructure (F&F) proposed to develop, finance, design, and construct HOT lanes (defined as tolled express lanes with free use for high-occupancy vehicles with three or more occupants (HOV3+ and RTD buses) along C-470, between I-25 and I-70 on a phased implementation basis, which included either two (or three) phases, depending on future traffic demand.

Phase 1 would consist of constructing four HOT lanes (two in each direction) from Wadsworth Boulevard (SH 121) to I-25, including a complete reconstruction of the existing deteriorating pavement section. A total of eight lanes of roadway (four tolled) would be in service at the end of Phase 1. Phase 2 would extend the four HOT lanes from Wadsworth Boulevard to I-70, preferably in one project; however, an option is available for two projects in this Phase. The proposal states that F&F anticipates that there will be sufficient traffic demand in 2015 or sooner to justify the extension of the HOT lanes to I-70, depending on growth in the region. F&F has developed a plan for the extension to I-70 based on further traffic studies.

The reformulated proposal focuses primarily on Phase 1 improvements from Wadsworth Boulevard east to I-25. Funds collected from the toll revenues would be used to reimburse CDOT for operating expenses for Phase 1 prior to repayment of the bonds. Funds collected in

excess of that needed to pay for operations and maintenance and that needed to satisfy the bonds would revert back to CDOT. These funds could be used to fund Phase 2 of the C-470 HOT Lanes and Reconstruction Project or make other improvements in the C-470 Corridor.

F&F's proposal provides new HOT lane connections at I-25, Colorado Boulevard, Santa Fe Drive and HOT lane entrances/exits at Wadsworth Boulevard and Yosemite. The project would be a completely electronic toll facility, based on congestion pricing, with the toll revenue used as repayment for non-recourse, tax-exempt bond financing.

The F&F team is made up of the financial and project development experience of Fluor Daniel and the heavy civil project execution and design-build experience of Flatiron Structures. Other members of the F&F team included:

- URS, designer, bridge designer, and transportation firm;
- Carter & Burgess, highway designer;
- Wilbur Smith Associates, traffic and revenue studies;
- Salomon Smith Barney Inc., underwriter of municipal securities;
- Bear Stearns, public-private municipal financing;
- George K. Baum, underwriter

F&F also submitted Additional Information for the Addendum to the Original Proposal for C-470 Corridor Express Lanes – Reformulated Proposal in 2005. In that document, F&F provided additional and updated information that illustrated F&F's current capabilities to execute design-build work, specifically for the C-470 Express Toll Lane project.

Potential Benefit to HPTE Board: Documents provide a detailed overview of the C-470 corridor proposed improvements and financial feasibility as a public-private partnership concession at the time the proposal was developed. These documents would be beneficial for the Board to review to better understand the potential feasibility of the corridor for development, as well as the necessary components of a corridor development proposal.

Future Actions Necessary to Update/Complete Document: The most recent proposal updates were in 2005; therefore traffic, project costs and details of the corridor concept would need to be reviewed and reevaluated if the project were selected to move forward, due to passage of time since the original proposal and potential changes in financial markets since the original financial analysis.

Document Number: 4

Document Title: I-70 Unsolicited Proposal (I-70 Express Lanes – Public/Private Initiative Conceptual Proposal)

Author: F&F Infrastructure, Limited Liability Company comprised of Flour Daniel and Flatiron Structures Company

Date/Last Updated Date: July 2000

Status: Proposal stage only – never moved forward with implementation of the project as P3.

Relevant Files Available:

- Hard copy of unsolicited proposal (notebook)

Document Purpose: The purpose of this document is to provide CDOT with a proposal of services to construct express toll lanes along I-70 to the east, between I-25 and Pena Boulevard.

Document Content Summary: This proposal contains a detailed description of the project, information on qualifications and experience of the team, the project characteristics, project financing, public support, and project compatibility. It was developed by the same team, and in the same general format, as the C-470 Corridor unsolicited proposal.

In accordance with the Public-Private Initiatives (PPI) program, F&F Infrastructure (F&F) proposed to construct express lanes along I-70 to the east, between I-25 and Pena Boulevard. Construction would occur in the median and above the existing lanes on I-70, with connections at I-25, I-270, I-225, and Pena Boulevard. The proposal was based upon a fixed price offer to develop, complete design, construct, and warranty the road.

The Express Lanes Project was envisioned to be an open-road toll facility with the toll revenue used as security for non-recourse, tax-exempt bond financing. The proposal stated that this arrangement would allow the connector to go into service in the year 2005 rather than some unknown time in the distant future. CDOT would be the owner of the completed facility.

F&F was a limited liability company (LLC) established specifically to develop and execute PPI projects in Colorado. F&F joins the financial and project development experience of Fluor Daniel with the heavy civil project execution and design-build experience of Flatiron Structures. Other F&F team members included:

- URS, designer, bridge designer, and transportation;
- Wilbur Smith Associates, traffic and revenue studies;
- Salomon Smith Barney Inc., underwriter of municipal securities;

Potential Benefit to HPTE Board: Documents provide a detailed overview of the I-70 East corridor proposed improvements and financial feasibility as a public-private partnership concession at the time the proposal was developed. These documents would be beneficial for

the Board to review to better understand the potential feasibility of the corridor for development, as well as the necessary components of a corridor development proposal.

Future Actions Necessary to Update/Complete Document: The proposal was developed in 2000; therefore traffic, project costs and details of the corridor concept would need to be reviewed and reevaluated if the project were selected to move forward, due to passage of time since the original proposal and potential changes in financial markets since the original financial analysis.

Document Number: 5

Document Title: Colorado Tolling Enterprise Business Plan Outline

Author: Colorado Tolling Enterprise

Date/Last Updated Date: Original Drafted 2003, Last Updated 2006

Status: Business Plan summary in annotated outline form. No completed Business plan document.

Relevant Files Available: Annotated outline of Business Plan

Document Purpose: To provide an outline of the sections included in the proposed CTE Business Plan, with descriptions of the tasks involved in each section.

Document Content Summary: The Business Plan summary outline was divided into the “Initial Activities” and the “Phase 2 Activities”.

The Initial Activities include the following:

- ***Mission Statement, Guiding Principles, and Management Philosophy***
- ***Budget*** - Establish a budget process and an initial budget for the Enterprise
- ***Accounting*** - Establish what is required to separately account for the Enterprise, and establish a general approach of accounting/audit/investment for the organization including necessary elements for the financing plan.
- ***Administrative*** - Establish policies and procedures under which the Enterprise will operate.
- ***Staffing*** - Determine roles, staff, and consultants needed to initially staff the Tollway Enterprise. Set up necessary recordkeeping processes for contracting with and tracking time charged to CTE by CDOT personnel. Establish a schedule/process for assigning CDOT staff and procurement of necessary consultants to complete NEXT PHASE work.
- ***Toll Corridor Plan*** - Establish the Candidate Toll Corridor Plan and outline a process to amend the plan for adoption by the Board.
 - Establish how the Toll Corridor Plan will be integrated into the Statewide/Regional planning process.
 - Develop a system level traffic and revenue feasibility study.
 - Establish the proposal process that the Enterprise will use to solicit and review proposals.
 - Establish criteria under which unsolicited toll proposals will be accepted and the review process to be used.
- ***Financial Plan*** - Establish the criteria the Enterprise will use to control the issuance of Revenue Bonds, and establish the general approach that will be used for Enterprise financing and initial schedules.
- ***Procurement Approach and Processes*** - Establish general procurement policies for the Enterprise
- ***Project Delivery*** - Establish approaches for Project Delivery and Project Oversight, and establish templates for Performance Criteria and Design-Build contracts.

- **Risk Management** - Establish approach for Risk Management.
- **Revenue and Pricing** - Establish top level revenue and pricing policies.
- **Toll System** - Establish a general approach for Toll System including necessary information for inclusion in Contractor Agreements, and establish policies to be applied for Electronic Toll Collection and Violation Enforcement.
- **Technical Coordination** – Establish coordination process jointly with CDOT ITS branch regarding communications and ITS Functions.
- **Interaction with Other Agencies** – Review and adopt interoperability approach with other Toll Road Authorities, and determine necessary Intergovernmental Agreements and Implementation Elements.
- **Operations and Maintenance** - Establish general options and initial recommendations for Operations and Maintenance.

The Phase 2 Activities include the following:

- **Interaction with Other Agencies** – Review and adopt interoperability approach with other Toll Road Authorities, and determine necessary Intergovernmental Agreements and Implementation Elements.
- **Accounting** - Establish Accounting/Audit Plan for the Enterprise including all revenue collection, banking, security issues and type of accounting system.
- **Staffing** - Establish long-term staffing strategy.
- **Financial Plan** - Develop a Financing Plan for each Project.
- **Project Delivery** - Prepare Performance Criteria/Design-Build Contract Terms and Conditions.
- **Revenue and Pricing** - Establish Business Rules for pricing, customer service center, violation enforcement, etc.
- **Toll System** - Develop Toll System Procurement Plan and establish technical criteria for Toll System including how interoperability issues will be addressed
- **Technical Coordination with CDOT** - Conducted prior to establishing toll system criteria. Develop Communications Plan and review interactions with CDOT related to ITS, etc. Develop Computer Systems Plan and review necessary data exchange. Review and establish any inter-relationships between AVI and CVO systems.
- **Interaction with other Agencies** – Develop plan to commence coordination among Colorado Toll Road Agencies, and develop Policing Plan
- **Operations and Maintenance** - Establish Operations Plan including Toll System Maintenance, Customer Service Center and Violation Enforcement; and establish Maintenance Plan for Communications, Roadway, Roadside and Facilities.

Potential Benefit to HPTE Board: Draft CTE outline could be refined and transitioned into a completed HPTE Business Plan document.

Future Actions Necessary to Update/Complete Document: Currently, the document is an outline only; it would need to transition into a completed Business Plan document to be fully effective and complete.

Document Number: 6

Document Title: ADHOC Committee on Tolling

Author: Colorado Tolling Enterprise Ad Hoc Advisory Committee

Date/Last Updated Date: November 15, 2005

Status: Report is Final/Complete

Relevant Files Available:

- Final Report
- PowerPoint presentation of E-470 Tolling (by Ad Hoc Committee on Tolling)
- PowerPoint presentation on Colorado Tolling Enterprise (Ad Hoc Committee)
- PowerPoint presentation on Statutory Requirements (Colorado Tolling Enterprise)

Document Purpose: A key creative method to finance transportation in Colorado is the concept of tolling new roadway capacity. In 2002, House Bill 1310 (CRS 43-4-801-12) authorized the Colorado Transportation Commission (TC) to create the Colorado Tolling Enterprise (CTE) to implement, operate and maintain new tolled capacity. In 2005, the legislature provided additional clarification to the authorizing legislation in House Bill 05-1148. This report provides recommendations and guidance on how to implement the requirements in HB05-1148.

The CTE Board invited potentially affected planning partners to participate in an Ad Hoc Committee on Tolling to provide advice to CTE and, as appropriate, CDOT/TC. The invited membership consisted of 22 board and/or executive staff members from potentially affected regional planning agencies. The Committee was created to advise the TC and the CTE Board regarding “policy and process on toll road planning and implementation”. The Committee structured their work by considering when in the decision-making process specific issues and concerns should be addressed. In this effort, the Committee identified several questions/issues in categories related to major steps in the decision-making process from policy to implementation.

Document Content Summary: The CTE/TC suggested that the Committee may wish to consider issues related to:

- Designation of Statewide Tolling System
- Roles and Responsibilities of Affected Agencies
- Toll System Framework and Relationship to the Transportation System
- Business Factors of Tolling

The Ad Hoc Committee on Tolling discussed and developed consensus recommendations on the following areas:

Toll Related Decision-making Process – The Ad Hoc Committee identified the primary steps and key decision points in the tolling-related planning process. A flow chart was developed that indicated a number of different steps by different public agencies and partners in the decision to implement a toll facility in Colorado.

Roles and Responsibilities in Toll Related Decision-making – The metropolitan planning organization (MPO) regional planning process includes representation from local governments, regional transit providers, CDOT and the regional or state air quality agencies. Most, if not all, toll projects will involve funding by the private financial markets and/or other contributions by the private sector. It is therefore necessary for any proposal that includes toll revenue based financing to be acceptable to the financial markets, and perhaps the private sector for implementation and operation. A summary of the key roles and responsibilities of the partner agencies in the toll decision-making process was provided.

Toll System Regional Transportation Plan Amendment Analysis Framework – Several topics should be addressed in the technical documentation supporting a request to include a tolling system related Regional Transportation Plan (RTP) amendment including General Purpose Lane impacts, Local Transportation Network impacts, Rail Transit impacts, Other Mode impacts, Toll Facility Design, Toll Facility Operations, Right-of-Way Analysis, Financial Analysis, Environmental impacts, Social impacts, Economic Analysis, Expectations of Public/Local Residents, and Unique Circumstances specific to each corridor. The Committee recognized that a Financial Analysis would be based on the information and detail available at a planning level, and as a specific proposal makes its way through the process, additional detail would be provided and documented in the Market Feasibility Analysis and any necessary revenue sharing agreements.

Identification of Key Policy Issues and Recommended Responses – The Committee identified a number of key policy questions or issues that they felt would need to be addressed and resolved before they felt a Regional Planning Council/MPO Board would be willing to take action on a proposed amendment to include a tolling system or facility in a regional transportation plan. These issues are listed below. Recommended responses to those issues were detailed in the report.

- Policy Issue 1 – CDOT Resource Allocation (TC funding, tolling revenue)
- Policy Issue 2 – Definition of a Toll System (integrated toll system)
- Policy Issue 3 – Integration of Other Modes into the Toll System (initial project financing, and excess revenue)
- Policy Issue 4 – Funding Long Term Operations and Maintenance Costs
- Policy Issue 5 – Leveraging Tolling and Federal/State Dollars/Effect of Tolling on Project Selection (not viewed as “competing”, shared funding, toll credits, toll revenue as local match, federal/state/local funds to leverage toll financing, toll revenue to repay a TPR/MPO, tolling vs. transit ridership, demographic analysis)
- Policy Issue 6 – Assumptions Used by Market in the Financial Feasibility / Market Analysis (CTE has responsibility to propose tolling projects that are financially attractive to the markets)

Potential Benefit to HPTE Board: The report would be beneficial for the Board to review when considering their policies and processes for program or project implementation. This would allow them to review what was considered at the time of the Ad Hoc Committee and see if there are items they would still be interested in applying. The Ad Hoc Committee focused on developing a toll decision-making process. In addition, the HPTE Board could continue to coordinate with an Ad Hoc Committee on their future tolling plans or P3 program, if desired as HPTE moves forward.

Future Actions Necessary to Update/Complete Document: None – Report is complete.

Document Number: 7

Document Title: Opinions of Denver Metro Area Residents on Tolled Express Lanes (CTE HOV/Express Lanes Survey and Focus Group Report)

Author: Corona Research

Date/Last Updated Date: 2006-2008

Status: Report is Final/Complete

Relevant Files Available:

- Final Report of Survey
- PowerPoint presentation of HOV/Express Lanes User Survey given at Workshop
- PowerPoint presentation of Tolled Express Lanes Public Opinion Survey

Document Purpose: The purpose of the report and presentations were to present to CDOT the methodology and results of a survey of the general population, compiling their opinions and thoughts regarding toll roads and tolled express lanes. The report includes a description of the research methodology, project design, focus group implementation, and focus group findings, which include both detailed and key findings.

Document Content Summary: In the public opinion research, emphasis was placed on the topic of tolled express lanes due to the fact that CDOT was currently considering proposals to add these new lanes to existing highways in Colorado. Corona Research conducted a total of three focus groups. A summary of the key findings across all three focus groups are as follows:

- Residents of the Denver metro area believe that traffic will get worse over the next few years.
- Participants were somewhat familiar with toll roads.
- Initial reaction to the term 'toll' is negative.
- In general, residents indicate that there is adequate funding for road maintenance, but not for construction.
- Residents have only a slight understanding of funding sources of road construction and maintenance.
- In their initial reactions, residents are split in terms of their approval of tolled express lanes.
- Once residents understand the user-funded concept of tolled express lanes versus the effect of increased taxes to construct new highway lanes, they are more likely to favor tolled express lanes.
- Most participants pay attention to local radio and news sources.
- It is important to emphasize the positive aspects of toll roads when marketing and advertising.
- The toll roads must appeal to the general public.
- Residents like the Colorado flag design for advertising about tolled express lanes.
- A simple message about tolled express lanes is best.

- Traditional media may effectively reach residents.
- Publicity about tolled express lanes should involve CDOT officials.
- There must be an educational component to go along with the marketing campaign.

Potential Benefit to HPTE Board: Report and presentations provide overview of how the public felt about user fees, such as tolling, at the time survey taken, as well as their support and willingness to pay for transportation improvements.

Future Actions Necessary to Update/Complete Document: None

Document Number: 8

Document Title: C-470 Express Toll Lanes Market Demand Survey

Author: Wilson & Company, ETC Institute, and PBS&J

Date/Last Updated Date: June 2004

Status: Report Final/Complete

Relevant Files Available:

- Final Report of Survey
- CDOT publication “Quick Facts About C-470 Tolled Express Lanes” and “Quick Facts About Tolling”

Document Purpose: The purpose of this survey was to assess market demand for express toll lanes on C-470 and to present a summary of the findings.

Document Content Summary: This survey report contains a summary of the survey methodology and major findings, charts and graphs that show the results of key questions on the commuter intercept survey, a summary of the regression models that were developed to estimate demand for express toll lanes on C-470, cross-tabulations that show the results of all questions on the commuter intercept survey for each of the four versions of the survey, the results of the phone survey, and a copy of all survey instruments.

The study consisted of two components: (1) a phone survey and (2) a commuter intercept survey. The purpose of the phone survey was to determine the percentage of residents in the region who were commuters on the C-470 corridor. The commuter intercept survey was administered to a stratified random sample of persons who used C-470 during “rush hour” on weekdays. The report indicated the following selected findings:

- 67% of the commuters surveyed thought it was an excellent, good, or an okay idea to develop express toll lanes on C-470; 31% thought it was a bad idea, and 2% did not have an opinion.
- 70% of the commuters surveyed indicated they would consider using the express lanes if the general purpose lanes were congested.
- 82% of the commuters surveyed indicated they had used toll highways in other parts of the Denver metropolitan area, such as E-470.
- 11% of the commuters surveyed indicated that they already had a transponder for toll highways in the Denver area; 43% of those surveyed indicated that they did not currently have a transponder, but they would be very or somewhat likely to get one if express toll lanes were developed on C-470; 31% indicated they were not likely to get a transponder, and 15% did not have an opinion.
- 81% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes on C-470 in an emergency or if they were late for an appointment.
- 56% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes on C-470 if traffic in the toll-free lanes of C-470 was not moving.

- 43% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes on C-470 if there was heavy congestion on C-470.
- 21% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes on C-470 if there was moderate congestion on C-470.
- 10% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes on C-470 if there was light congestion on C-470.
- 7% of the commuters surveyed indicated they would pay 20-30 cents per mile to use express toll lanes every time they drive on C-470.

In order to estimate the number of commuters who would use express toll lanes on different types of trips that could be completed in the C-470 corridor, four versions of the survey were administered which asked respondents how much they would be willing to pay to use the Entire Corridor (between I-25 and I-70), the Southern Corridor (between Wadsworth and Quebec), the Western Corridor (between Bowles and I-70), and the Short Corridor (between Quebec and I-25). The pricing data from the four versions of the survey were used to develop price sensitivity curves for estimating demand for express toll lanes as a function of two variables: (1) the amount of time that a person can save by using express toll lanes, and (2) the fee that is charged to use express toll lanes. The results of the pricing survey are as follows:

- Entire Section – To save 12 minutes, 8% would pay \$5.20. To save 24 minutes, 15% would pay \$5.20. 75 % would pay at least \$1.00 to save 36 minutes.
- Western Section – To save 7.5 minutes, 11% would pay \$1.60. To save 12.5 minutes, 20% would pay \$1.60. To save 22.5 minutes, 31% would pay \$1.60. 74 % would pay at least \$.50 to save 27.5 minutes.
- Southern Section – To save 9.5 minutes, 10% would pay \$1.75. To save 18.5 minutes, 28% would pay \$1.75. To save 28.5 minutes, 38% would pay \$1.75. 85 % would pay at least \$.50 to save 28.5 minutes.
- Short Section – To save 2 minutes, 28% would pay \$.50. To save 4 minutes, 33% would pay \$.50. To save 6 minutes, 38% would pay \$.50. 68 % would pay at least \$.25 to save 6 minutes.

Potential Benefit to HPTE Board: Report provides overview of how the public felt about tolling and the concept of express lanes on the C-470 corridor at the time the survey was taken. Additionally, the report discusses the various monetary levels the public was willing to pay for transportation improvements on the corridor to use express lanes at the time the survey was taken.

Future Actions Necessary to Update/Complete Document: None – final survey and report. However, if HPTE decides to move forward with C-470 corridor, the Board may want to consider a new round of surveys to see if there are changes in public perspectives and issues, due to the passage of time and changes in economic and other transportation conditions.

Document Number: 9

Document Title: Arapahoe, Douglas and Jefferson County – C-470 Toll/Transportation Funding Survey (Douglas County C-470 Survey)

Author: National Research Center, Inc.

Date/Last Updated Date: April 2006

Status: Report Final/Complete

Relevant Files Available: Final Report of Survey

Document Purpose: The purpose of this document was to compile the results of a toll funding survey pertaining to C-470 in the tri-county area in order to present them to Douglas County officials. The purpose of the survey was to assess residents in Arapahoe, Douglas and Jefferson Counties regarding their knowledge and attitudes about the addition of toll lanes to C-470, and to determine the level of resident support for various methods of funding that could be used to add lanes to C-470. This survey was conducted as a follow-up to the 2005 CDOT/CTE survey by counties to verify the original survey findings.

Document Content Summary: The majority of residents along the C-470 corridor, whether residents of Arapahoe, Jefferson or Douglas counties, opposed charging tolls to pay for new roads in the state of Colorado and almost 40% strongly opposed this method of payment. Tolls specifically on C-470 had little more appeal. Greater opposition came from those least able to pay – the youngest (18-24) and the oldest (65+) residents; greatest support came from those who drove C-470 least (never) or most (every weekday). Most residents opposed express toll lanes despite the majority's belief that tolls would decrease congestion. When residents were asked to imagine if tolls increased congestion or decreased safety (two circumstances predicted by the transportation consultant to Douglas County) opposition to tolls increased, with everyday commuters on C-470 increasing most precipitously their already strong opposition to tolls.

Of all the four funding sources tested for adding lanes to C-470 (toll cost of \$2 per trip; gas tax of 10 cents per gallon; vehicle registration fee of \$10; or sales tax of a penny on ten dollars); only the sales tax option garnered as much as 50% support and the strongest support for that option was among those who drove C-470 the most.

While a majority of drivers rarely or never used local roads to avoid congestion on C-470, a majority of drivers responded that they would almost always or frequently use local roads to avoid congestion if congestion became a consequence of tolls.

In summary, toll roads were not found to be a preferred financing mechanism among residents along the C-470 corridor within this survey – for Colorado roads in general or for C-470. The most popular financing option for road expansion among residents in the C-470 corridor was by far a sales or use tax of about one cent on ten dollars, though even for this funding mechanism almost a third of residents were in strong opposition.

Potential Benefit to HPTE Board: Report provides overview of how the public felt about tolling and the concept of express lanes on the C-470 corridor at the time the survey was taken. The

results of the survey indicate that public and stakeholder coordination and strategic communication planning will be important to consider to move this project forward due to past issues.

Future Actions Necessary to Update/Complete Document: None – final survey and report. However, if HPTE decides to move forward with C-470 corridor, the Board may want to consider a new round of surveys to see if there are changes in public perspectives and issues, due to the passage of time and changes in economic and other transportation conditions.

Document Number: 10

Document Title: I-25 Intergovernmental Agreements (IGAs)

Author: CTE and CDOT

Date/Last Updated Date: developed between 2006-2008

Status: All but one agreement are currently complete. Back office operations and equipment agreement is currently being negotiated.

Relevant Files Available:

- IGA between FHWA, CDOT, and CTE (May 30, 2006)
- IGA between CTE, CDOT, and RTD (May 31, 2006)
- IGA between CTE and CDOPS (state patrol) (June 2, 2006)
- IGA between CDOT and CTE (March 15, 2007)
- IGA Amendment between CDOT and CTE (June 26, 2008)
- IGA between CTE and CDOT (no date – not executed)

Document Purpose: The purpose of these documents is to form intergovernmental agreements on the management, operation and enforcement of the I-25 Express Lanes. The purposes of the agreements vary and are explained in the Document Content Summary below.

Document Content Summary: The purpose and contents of each agreement are summarized as follows:

- *IGA between FHWA, CDOT, and CTE (May 30, 2006)* - CDOT and the CTE desire to toll single occupant vehicles on the high occupancy vehicle (“HOV”) lane facility on I-25, which is located between the 20th Street exit and the US-36 exit. The agreement states that toll revenues will be used for debt service and maintenance.
- *IGA between CTE, CDOT, and RTD (Regional Transportation District) (May 31, 2006)*
- The Scope of Work under this IGA consists of the Parties formulating the Policies of the Express Lanes Facility, and delineating the responsibilities of the Operations of the Express Lanes Facility. “Express Lanes”, or “High Occupancy Toll” (HOT) lanes, are the 6.6 miles of Bus/HOV lanes modified by the CTE to accommodate toll-paying solo drivers and to operate as an HOV/Tolled facility. The 6.6 miles of the I-25 and US 36 include the following: (1) Bus/Express Lanes from an exclusive Access ramp on an elevated structure from I-25 along the 20th Street corridor over Denver Union Station (DUS) property to the Downtown Denver District (“the 20th Street Express Project”); (2) Express Lanes in the median of I-25, from the 20th Street interchanges to the US 36 interchange, (“the I-25 Express Projects”); and (3) Express Lanes in the median of US 36, from I-25 west to Pecos Street (“the US 36 Express Projects”).
- *IGA between CTE and CDOPS (Colorado Department of Public Safety, Division of Colorado State Patrol) (June 2, 2006)* – This agreement is for the state patrol to provide tolling enforcement of the 6.6 miles of the I-25 Express Lanes Facility.

- IGA between CDOT and CTE (March 15, 2007) – This agreement states that CDOT shall disburse \$4,000,000 from an appropriate account to the Enterprise for expenses to complete the I-25 HOT lanes conversion project and to finance the operations of the HOT lanes in its ramp up phase. It also states that the Enterprise shall repay to CDOT the principal amount of the transfer, and the interest on the unpaid principal balance of the transfer when the Enterprise receives sufficient toll revenues.
- IGA Amendment between CDOT and CTE (June 26, 2008) – This amendment to previous agreements states that CDOT and the Enterprise have entered into three separate interagency agreements. A March 20, 2003 agreement transferred \$1,000,000; an August 25, 2005 agreement transferred \$2,000,000; and a March 15, 2007 agreement transferred \$4,000,000. All three Agreements contained a repayment provision stating that the principal shall bear interest at the rate of two percent (2%) per annum on any unpaid balance. The parties have learned, through advice of the Attorney General’s Office, that the money transferred by CDOT to the Enterprise cannot be considered a loan. On June 19, 2008, the Transportation Commission directed staff to amend the existing Agreements to reflect that no interest will accrue on the amounts transferred by CDOT to the Enterprise.
- IGA between CTE and CDOT Region 6 (no date – not executed) – This agreement states that maintenance services for the High Occupancy Tolling lanes on I-25 from Milepost (“MP”) 210.8 to 219.8 and on US 36 from MP 52.5 to 57.26, will be provided by CDOT.

Potential Benefit to HPTE Board: HPTE Board review of the intergovernmental agreements will provide the Board a better understanding of the current operating, maintenance and enforcement agreements that are in place for the I-25 Express Lanes asset.

Future Actions Necessary to Update/Complete Document: Based on the contents of the electronic file, the IGA between CTE and CDOT Region 6 for maintenance services is not dated and is not executed. In addition, an agreement for the back office operations and equipment is currently being negotiated. The Board should continue to coordinate with CDOT to obtain the approved agreements for these items as they are put in place so that they can be filed and reviewed with the other I-25 IGAs.

Document Number: 11

Document Title: I-25 HOV/Toll Lanes Traffic Incident Management Plan (IMP)

Author: Pat Noyes & Associates and HNTB Corporation

Date/Last Updated Date: May 2006

Status: Final/Complete Report

Relevant Files Available:

- Final Report
- I-25 HOV/Toll Lanes Traffic Incident Management Response Manual

Document Purpose: The purpose of these documents was to provide an overview of the process and development of a Traffic Incident Management Program for the North I-25 Express/HOT Lanes.

Document Content Summary: The CTE facilitated a multi-agency, multi-disciplinary planning process to develop a recommended Traffic Incident Management Program for the North I-25 High Occupancy Toll (HOT) Lanes. The process involved representatives from response agencies in the corridor, from 84th Avenue on the north and US 36 at Pecos into downtown Denver at 20th Street. The program development process used a three-tiered approach to involve affected agencies and ensure their issues were identified and addressed. Three groups met to develop the program including Stakeholders, a Coordinating Committee, and Action Groups.

A kick-off meeting with stakeholders identified concerns and issues unique to the HOT Lanes, including emergency access to the lanes, use of the lanes for alternate routes in the event of closures in the general purpose lanes, and the use of HOT lanes by emergency responders responding to incidents in the corridor.

The Coordinating Committee met to discuss program goals and review strategies for further consideration. These strategies were referred to the Action Groups for further consideration and recommendation. The Coordinating Committee reviewed recommendations from the Action Groups and finalized the initial North I-25 HOT Lanes Traffic Incident Response Manual.

There were three Action Groups, each composed of agency representatives from state and local response agencies. The three Action Groups were the Scene Management and Communication Group, the Alternate Routes and Resources Group, and the Media and Public Information Group. Each Action Group focused on strategies that addressed specific aspects of traffic incident management within their areas of operations and expertise. The recommendations of the Action Groups provided the basis for the final program recommendations and the North I-25 Traffic Incident Response Manual, and are as follows:

Goals - For the North I-25 HOT Lanes Traffic Incident Management Program, the Coordinating Committee identified the following goals which were used to evaluate potential strategies and develop recommendations through each of the three Action Groups: enhance safety for the

traveling public and incident responders, reduce delays on I-25, reduce the cost of incidents, increase operational efficiency, disseminate traveler information, and enhance interagency cooperation managing incidents.

Strategy Evaluation and Recommendation – The Coordinating Committee and three Action Groups reviewed and evaluated a wide range of strategies to address the following five key aspects of incident management: Detection and Verification, Response, Scene Management, Clearance, and Motorist Information.

A list of strategies was reviewed to identify those that the Coordinating Committee and Action Groups felt should be evaluated for use in the North I-25 HOT Lane Traffic Incident Management Program. These strategies, which provided the basis of the Action Group recommendations, included agency and transit "probes", dedicated service patrols, closely spaced milepost markers, video surveillance, public education program, personnel resource list, equipment/materials resource list, pre-planned alternate routes, communication preplan, interagency training program, equipment storage sites, defined traffic control techniques, mobile command post, flashing lights guidelines, pre-determined staging areas, incident response teams, incident management review team, closure and alternate route guidelines, rapid vehicle removal guidelines, emergency access guidelines, accident investigation sites, traffic signal control plans, incremental lane opening guidelines, actuated or static trailblazers, media interface guidelines, traffic reporting services, broadcast radio, cable television, highway advisory radio, internet, mass fax and e-mail, and variable signs.

The initial step to implementation is the distribution of the North I-25 HOT Lane Traffic Incident Response Manual to all response agencies in the corridor. The Manual is to be used in the field by responding agencies and as a reference guide for office and support personnel. This will need to be followed quickly by agency training to ensure that response personnel in the field are familiar with the use of the manual. It is the intent of the program to be dynamic and responsive to the needs of the affected agencies. Continued coordination and program revisions will be needed to address lessons learned through implementation. Successful implementation will require a commitment on the part of all response agencies in the corridor.

Potential Benefit to HPTE Board: The report and response manual provide the Board a better understanding of the current traffic and incident response program/plan for the I-25 Express Lanes asset. This IMP is currently in use along the corridor.

Future Actions Necessary to Update/Complete Document: Report is complete. Response Manual should be distributed to all response agencies and be in use along the corridor at this time.

Document Number: 12

Document Title: Political Outreach Materials and Memos

Author: CRL Associates, Inc.

Date/Last Updated Date: May 25, 2006; September 27, 2006

Status: 2006 draft materials for developing strategy/plan for political and stakeholder outreach

Relevant Files Available: Several emails containing contact lists, issues tracking and Word documents

Document Purpose: The purpose of this email archive is to provide information regarding the means of tracking interviews with public officials and to provide notes/memos on political outreach conducted.

Document Content Summary: The emails and associated spreadsheets and memos contained the following information:

- Draft outline of strategy/plan as to how to proceed with the elected officials outreach on tolling. There are three facets to this strategy/plan:
 - A. Elected and public agency outreach
 - B. Key community group outreach
 - C. Media outreach and positioning
- List of Contacts/Issues Tracking of Denver Regional Council of Governments (DRCOG) representatives for CTE interviews to get their views on tolling
- Notes from meeting with Duane Fellhauer, Director of Public Works for Douglas County – views on tolling
- Notes from meeting with Ken Lloyd, Executive Director of the Regional Air Quality Council – views on tolling
- Thoughts on suggested content for a State of the (Transportation) System speech to bring the public up to date on progress

Potential Benefit to HPTE Board: The benefit of these materials to the Board is that the files provide a listing and issues tracking of past CTE program stakeholders and political outreach. Political outreach and opinions may be dated at this time, but it provides insight into the thoughts and concerns during early CTE program startup. The Board could organize a similar issues tracking program as they move forward that incorporates the latest political stakeholders and issues.

Future Actions Necessary to Update/Complete Document: None.

Appendix F
Strategic Planning Workshop

Workshop Agenda

**Colorado HPTE
Strategic Planning
Workshop**

**MEETING
AGENDA**

HNTB
Engineers Architects Planners
715 Kirk Drive
Kansas City, MO 64105-1310
phone: (816) 472-1201
fax: (816) 472-4086

Date:	June 15, 2010	Time:	10:00 a.m. to 2:30 p.m.
Subject:	HPTE Strategic Planning Workshop	Location:	CDOT Auditorium 4201 East Arkansas

Agenda Items:

- 10:00 am - Welcome and Introductions – Charlotte Robinson
 - 10:10 am - Purpose of Workshop and Logistics – Charlotte Robinson
 - 10:15 am - Review Workshop Agenda and Handout Packet – David Downs
 - 10:20 am - Develop Mission Statement– David Downs
 - 10:40 am - Develop Goals: Short-term and Mid-term – David Downs
 - 11:00 am - Discuss Organizational Structure – Larry Warner
 - 11:20 am - Develop HPTE Project Eligibility – Larry Warner
 - 11:40 am - Project Status Inventory – Gretchen Ivy
 - 12: 00 pm – Lunch Break
 - 12:20 am - “The Georgia Experience” – Gretchen Ivy
 - 12:40 pm - Develop 2010 Action Plan – David Downs/Larry Warner
 - 1:30 pm - Discuss Other Key Takeaway Messages – David Downs
 - 1:45 pm - Workshop Conclusion – Charlotte Robinson
 - 2:00 pm - Close HPTE Workshop
-

Workshop Presentation

**Colorado High-Performance
Transportation Enterprise**

Strategic Planning Workshop

HNTB Corporation
In Association with Parsons Brinckerhoff

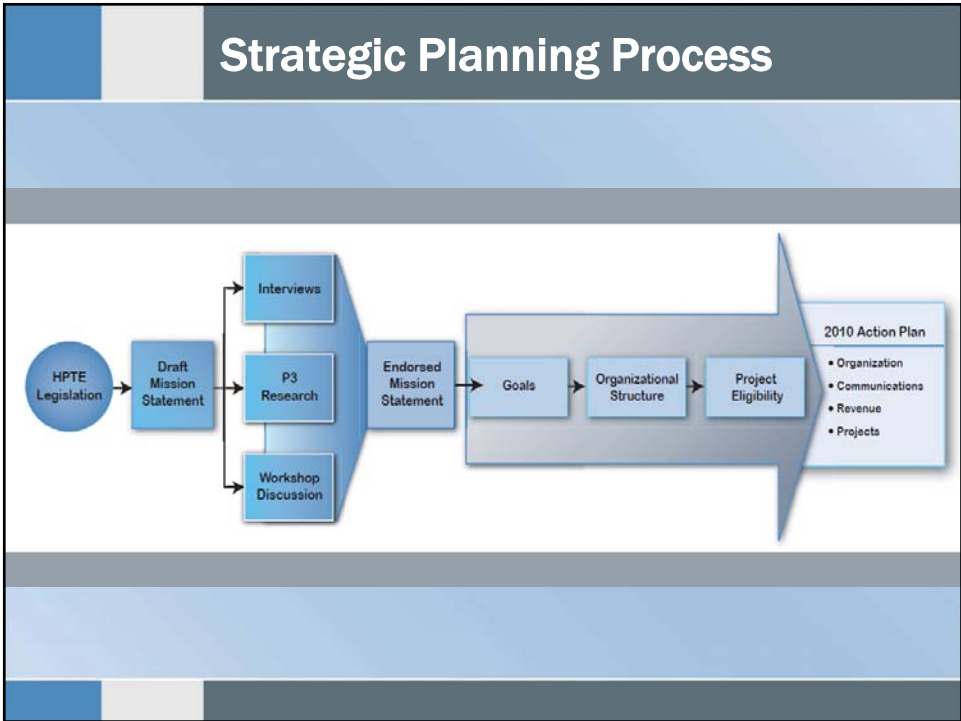
June 15, 2010

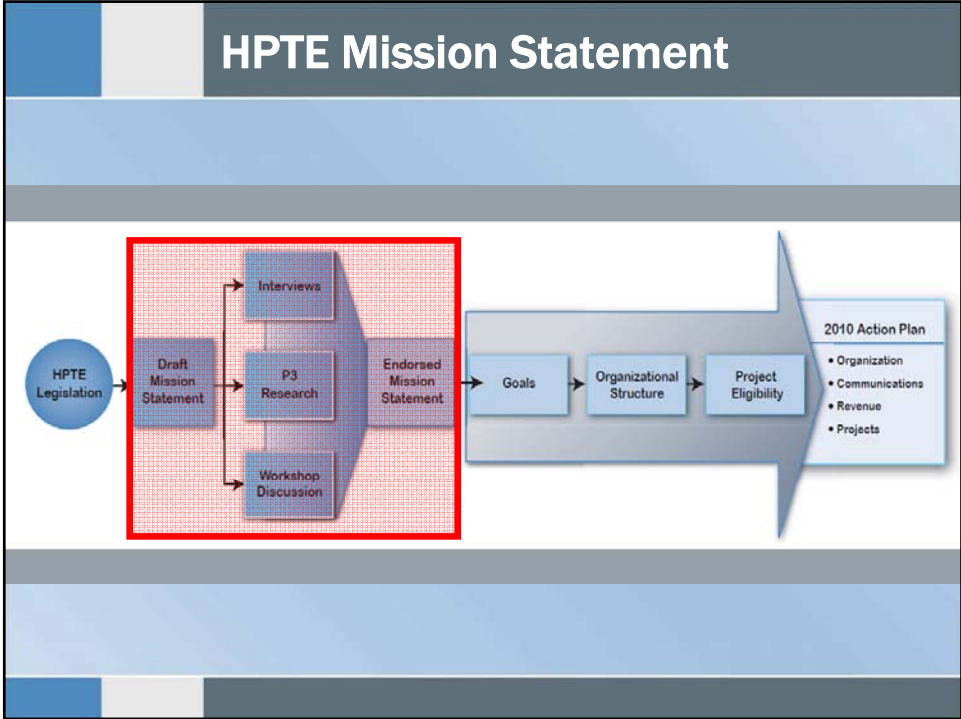
Purpose of Workshop and Logistics

- Discuss, refine and endorse strategic planning work elements
 - Mission Statement
 - Goals
 - Project Eligibility
 - 2010 Action Plan
- Audience Input: Marina.Krasny@dot.state.co.us

Workshop Agenda

- Develop Mission Statement
- Develop Goals – Short-term and Mid-term
- Discuss Organizational Structure
- Develop HPTE Project Eligibility
- Project Status Inventory
- “The Georgia Experience”
- Develop 2010 Action Plan
- Other Key Takeaways
- Workshop Conclusion





HPTE Enabling Legislation Mission

Senate Bill 09-108:

The creation of a High-Performance Transportation Enterprise with the authority and mission to seek out opportunities for innovative and efficient means of financing important surface transportation infrastructure projects will ensure that such projects are also properly prioritized and accelerated

CDOT Web Site HPTE Purpose Statement

CDOT Website:

The High-Performance Transportation Enterprise (HPTE) was formed to aggressively pursue innovative means of more efficiently financing important surface transportation infrastructure projects that will improve the safety, capacity, and accessibility of the surface transportation system, can feasibly be commenced in a reasonable amount of time, will allow more efficient movement of people, goods, and information throughout the state, and will accelerate the economic recovery of the state.

Interview Findings

- What is your vision for HPTE?
 - Serve as tool to provide innovative financing for major infrastructure projects
 - Change past perceptions on tolling
 - Explore tolling as a way to pay for future projects
 - Be collaborative
 - Address growth and needs for the state of Colorado
 - Develop a system approach to developing corridors
 - Partner with governmental entities and local communities
 - Consider all modes of surface transportation – transit, others
 - Consider CTE past work efforts as foundation
 - Serve as a mechanism to use other financing that the DOT does not have the ability to utilize

P3 Research Findings

Oregon Innovative Partnerships Program:

The Oregon Innovative Partnerships Program goal is to speed project delivery and encourage innovation by bringing new funding, expertise and technology together to maximize public investment in transportation.

Expedite Project Delivery.

Maximize Innovation.

Develop Partnerships.

P3 Research Findings

Georgia Public-Private Partnership Program:

The P3 program is intended to seek innovative project delivery and innovative financing solutions from the private sector to meet the State's transportation infrastructure needs. The P3 program is one of many programs available to the Department to fulfill its mission. The goal of the P3 program is to create a fair, transparent and reliable process to support a climate for private sector innovation and investment in a manner that provides value and benefit to the State's transportation system.

P3 Research Findings

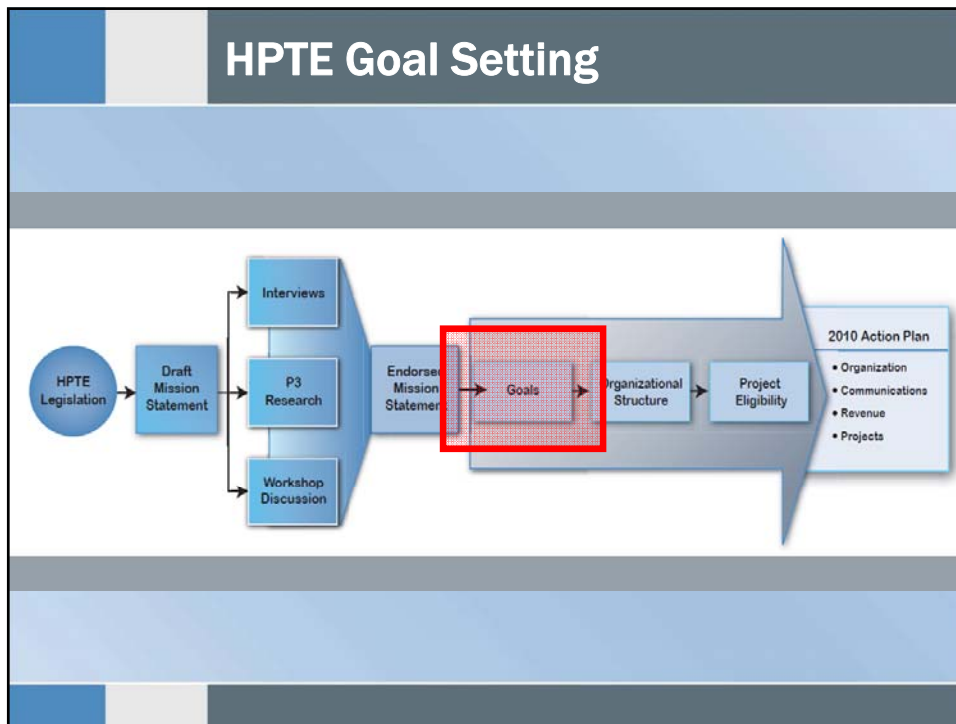
Partnerships British Columbia:

Partnerships BC's *vision* is to be the Province's centre of expertise for evaluating, structuring and implementing public private partnerships which serve the public interest. The Company is committed to commercial viability, transparent operations and achieving wide recognition for its innovation, leadership and expertise in partnership delivery models.

Draft HPTE Mission Statement

The mission of the Colorado High-Performance Transportation Enterprise is to partner with local agencies, communities and private industry to seek out opportunities for creative means of financing and accelerating the delivery of surface transportation infrastructure projects.

Develop Partnerships.
Lead Innovative Financing.
Accelerate Project Delivery.



Interview Findings: Short-term

- What Short-Term Goals do you believe HPTE should establish for 2010?
 - Determine key stakeholders
 - Develop community relationships
 - Develop a communications plan
 - Define relationship between HPTE and Commission, CDOT and Regions
 - Hire HPTE Executive Director and other staff
 - Find operating revenue resources
 - Educate others on HPTE mission, strategic planning and key messages
 - Education of HPTE Board
 - Prioritize potential HPTE projects

Interview Findings: Mid-Term

- What Mid-Term Goals do you believe HPTE should establish beyond 2010?
 - Identify HPTE staffing needs
 - Evaluate and prioritize projects based on financial feasibility
 - Outreach with specific projects/corridors and their stakeholder organizations
 - Gain public acceptance and acknowledgment of HPTE
 - Develop partnering relationship with CDOT and Commission
 - Identify operating revenue sources for long-term sustainability
 - Develop a communications plan
 - Develop HPTE messaging materials and presentations
 - Be proactive
 - Look at benefits of public private partnerships and other innovative delivery mechanisms beyond traditional CDOT means
 - Develop a system wide approach to program planning

P3 Research Findings

Georgia Public-Private Partnership Program Goals (2010):

- Goal 1: Create a P3 Division with an effective and functional organization structure
- Goal 2: Finalize and endorse P3 program guidelines and policies.
- Goal 3: Get first P3 project solicitation process initiated by June 2010. (WxNW Project)

P3 Research Findings

Virginia Public Private Transportation Act Program Goals (2010):

- Goal 1: Establish a separate PPTA program office with empowered leadership
- Goal 2: Develop standard processes and methodologies for "Project Screening and Prioritization" for solicited projects
- Goal 3: Develop a programmatic approach to procurement and delivery of PPTA projects
- Goal 4: Revise the existing PPTA Implementation Guidelines
- Goal 5: Establish a dedicated funding source for the PPTA program office

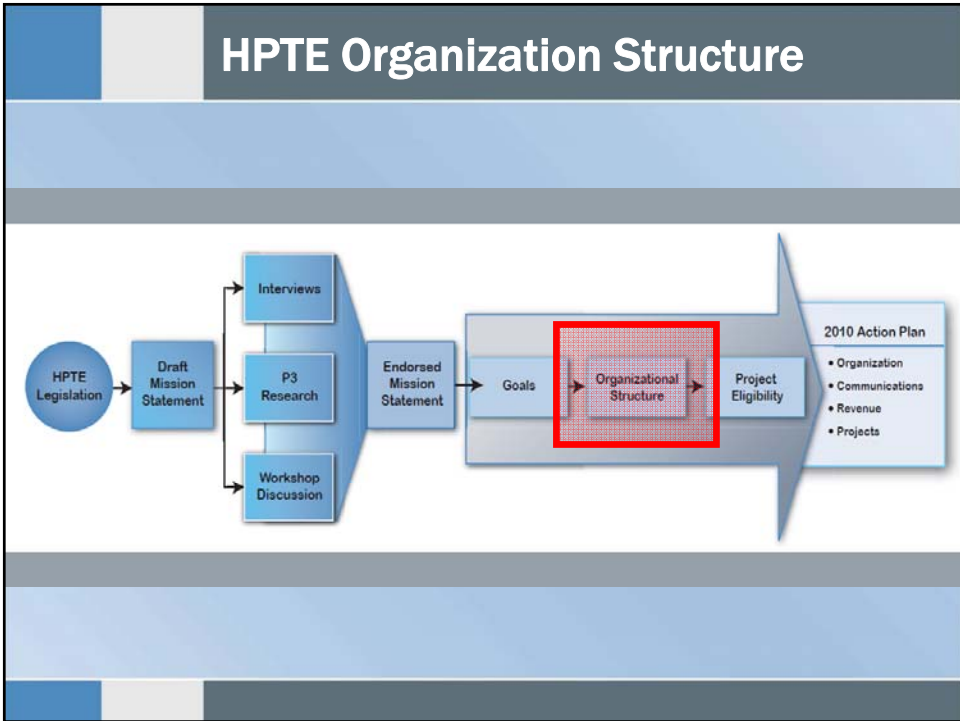
P3 Research Findings

Partnerships British Columbia Goals:

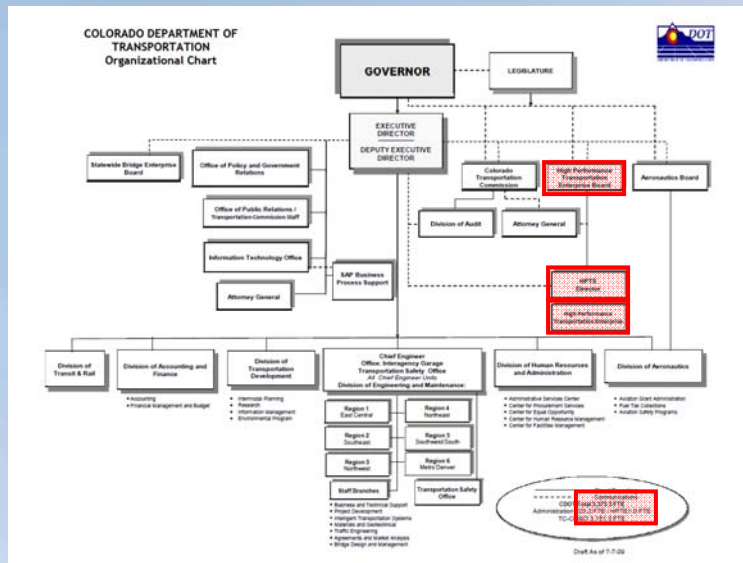
- Goal 1: Structure and implement P3 solutions which serve the public interest
- Goal 2: Encourage development of the P3 market in British Columbia
- Goal 3: Remain commercially viable and increase productivity
- Goal 4: Ensure that P3 projects with provincial funding exceeding \$20 million are structured and implemented utilizing best practices

Draft HPTE Goals

- Short-Term Goals (2010):
 - Complete the Strategic Plan and 2010 Action Plan
 - Hire an HPTE Executive Director
 - Develop a Communications Plan for the HPTE
 - Establish financial and operating guidelines between HPTE, Commission, and CDOT
 - Prioritize and evaluate potential candidate projects (including all modes: transit, etc.)
- Mid-Term Goals (2011 & Beyond):
 - Analyze all potential revenue sources to be self-sustaining
 - Develop organization/staffing needs
 - Execute Communications Plan – Internal and External
 - Move viable project(s) forward
 - Develop role of HPTE during long-range planning process (identify projects with potential for alternative financing)



CDOT Organizational Chart



Interview Findings

- What is your vision on how HPTE will work with the Commission and CDOT?
 - Develop and define a working relationship between HPTE, Commission and CDOT staff
 - Develop partnership with Commission and CDOT staff
 - Schedule regular updates with Transportation Commission
 - Develop separate procedures and autonomy from CDOT
 - Consider Bridge Enterprise model for HPTE application
 - Use matrix management approach

P3 Research Findings

- DOT partnership and collaboration are key ingredients to success
 - North Carolina and Texas - Both began as separate organizations from DOT, but came back under DOT umbrella as DOT Division
 - Oregon, Georgia – Divisions within DOT
 - Florida – Decentralized, Project-Specific P3 Teams within Districts
 - Partnerships BC - Provincial Ministry of Transportation and Infrastructure (and other ministries and crown agencies) are clients of Partnerships BC. Partnerships BC works for clients in the public sector and works on a fee-for-service basis

- Owner-led with Consultant Expertise: General Engineering Consultant, Legal and Financial

Organizational Structure Best Practices

```

    graph TD
      P3[P3 Organization] --> GEC[General Engineering Consultant]
      P3 --> Legal[Legal]
      P3 --> FA[Financial Advisor]
      GEC --> CA[Corridor A]
      GEC --> CB[Corridor B]
      GEC --> CC[Corridor C]
      GEC --> CD[Corridor D]
      GEC --> CE[Corridor E]
  
```

Typical Services:

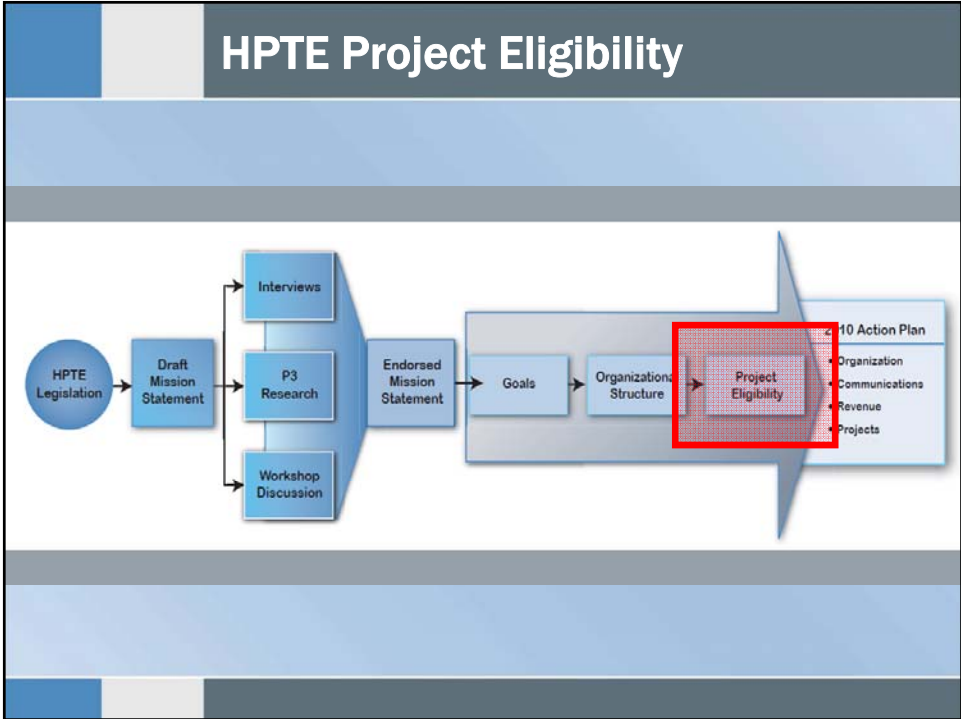
- Strategic Planning
- Management & Oversight
- Independent Certifications
- Project Feasibility Analysis
- Procurement
- Annual Reports & Inspections

Typical Services:

- Specific Corridor Design/Construction
- Operations & Maintenance

P3 Research Findings

- There are some key characteristics that make an effective Executive Director
 - Oregon – Savvy in political and media relations
 - North Carolina – Good understanding of finance and innovative delivery mechanisms; “business case” focus
 - Georgia – Flexible and adaptable; understands DOT dynamics; good at building network
 - Texas – Forward-thinking; Embraces transparency



Interview Findings

- What criteria would you establish to determine HPTE project eligibility?
 - Community support
 - Debt issuance required to implement project
 - Congestion relief
 - Financial feasibility
 - HPTE and Commission/CDOT collaboration
 - NEPA clearance
 - Support of state and federal agencies
 - Sustainability
 - Integrated in regional planning process and Statewide Transportation Plan
 - Political and stakeholder support
 - Connectivity
 - Return on Investment
 - Economic development potential to support growth of Colorado
 - Ability to work as system of projects

P3 Research Findings

Oregon Project Eligibility Criteria:

- ODOT Project Sponsor Identified (Solicited and Unsolicited)
- Addresses Transportation Need
- Leverages New Revenue
- Project Feasibility
- Reduce Project Delivery Time/Enhance ODOT Operations
- Public (Local/ODOT/Political) Support

P3 Research Findings

Georgia Project Eligibility Criteria:

- Potential for Value Added from Private Sector Involvement
- Institutional/Political Support
- Project Scope Suitability
- Financial Feasibility
- Project Maturity
- Market Interest

P3 Research Findings

Texas Project Eligibility Criteria:

- 87 projects screened in 2007 prior to moratorium
- Screening criteria:
 - Risk assessment - system interface, design and construction, O&M requirements, public acceptability, approvals and scheduling, and demand;
 - Financial feasibility; and
 - Estimated time to procurement

Draft HPTE Project Eligibility

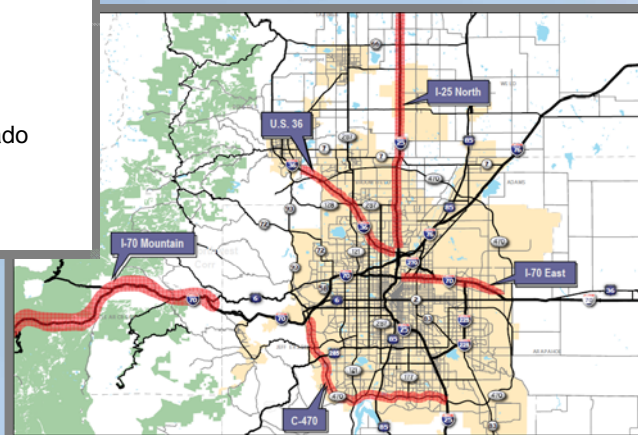
Project Eligibility Criteria:

- Projects that cannot be funded with traditional “pay as you go” methods and require financing
- Projects that have Federal, State, and affected local government and community support
- Projects that improve safety, capacity and accessibility
- Projects that allow more efficient movement of people, goods and information
- Projects that will accelerate the economic recovery of the state
- *Projects requiring user fee-based project funding (Tolling, VMT Pricing, etc.)*
- *Projects with Public Private Partnership (P3) involvement*

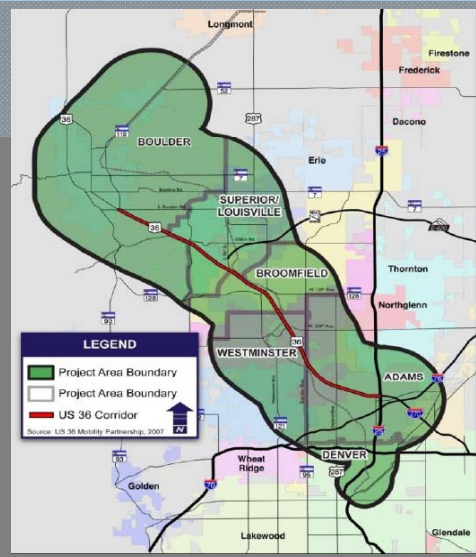
Project Status Inventory

Potential Projects:

- US 36
- I-25 North
- C-470
- I-70 East
- I-70 Mountain
- Powers Blvd./Colorado Springs Toll Road



US 36 Project



Project Scope:

- 1 Managed Lane each direction 18 miles from I-25 to Boulder
- Multimodal – HOV, BRT and SOV (Tolled)
- Total Project: \$1.4 B Preferred Alternative
- Initial Project Phase: 6.8-miles; I-25 Express Lanes to Broomfield Interchange (\$160 M)

Project Status:

- NEPA Complete: ROD 2009
- Moving forward Phase 1 TIGER Grant and T&R Investment Grade Study RFP Released

Funding/Financing Plan:

- TIGER Grant \$10 M; TIFIA Loan: \$50-\$80 M;
- DRCOG, RTD, CDOT Funds: \$85 M
- Anticipated Toll Revenue: \$5 M

Community Support:

- Strong Stakeholder and Community Support
 - US 36 Corridor Coalition
 - Preferred Alternative Committee (PAC)

I-25 North Project



Project Scope:

- 1 Toll Express Lanes (TEL) each direction from US 36 to Harmony Rd. (Ft. Collins)
- Addtl. general purpose lanes from SH 66 to Harmony Rd. (Ft. Collins)
- Commuter Rail using BNSF tracks along US 287
- I-25 Express Bus; US 85 Commuter Bus

Project Status:

- NEPA: Final EIS: Spring 2011; ROD: Summer 2011
- 3-Phase Project Implementation Planned; Phase 1 planning in progress
- Potential TEL shoulder use during peak hours in interim: Existing I-25 Express Lanes to SH 66

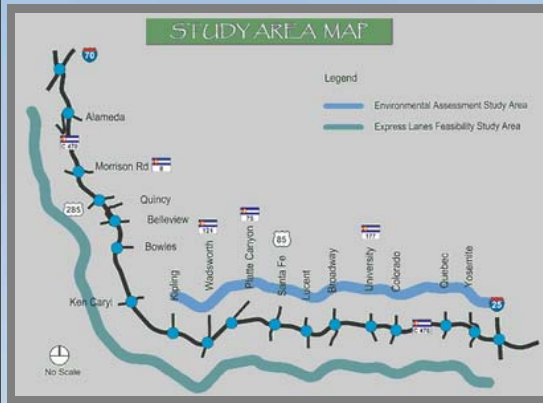
Funding/Financing Plan:

- Phase 1 - \$640 M; NFR, DRCOG, STIP Listing
- Phase 2 and 3 – Each \$1 B packages over 20 yrs
- Does not currently assume toll revenue or bonding

Community Support:

- 2 Regional Committees: TAC and RCC
- Overall positive support for Preferred Alternative

C-470 Project



Community Support:

- Past stakeholder and community issues (Douglas County)
- Uncertain of support today
- Recent movement by elected officials to reopen discussion of corridor funding plan

Project Scope:

- 2 Toll Express Lanes (TEL) each direction 26 miles from I-25 to I-70 (\$700 M)
- Initial Project Phase: 12 miles from I-25 to Kipling (\$350 M)

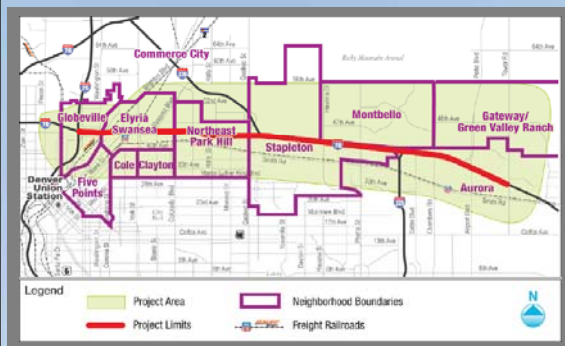
Project Status:

- ELFS: I-25 to I-70 – Final Report 2005
- NEPA: I-25 to Kipling- EA Signed 2006; FONSI never approved due to lack of funding
- C-470 Santa Fe Interchange NEPA approval and Phase1 funded and under construction

Funding/Financing Plan:

- C-470 Santa Fe Interchange Phase 1 funded TIP/STIP
- No other corridor funding or listing in TIP/STIP

I-70 East Project



Community Support:

- Differing opinions on 3 possible alternatives
- CDOT conducting consensus process within FEIS to determine Preferred Alternative

Project Scope:

- 12 miles Brighton Blvd. to Tower Rd.
- 3 Possible Alternatives:
 - No Action – Replace viaduct only
 - Replace viaduct and widen from Brighton to Tower
 - Remove viaduct and realign and widen I-70 north to 52nd Ave., tie into I-270, and return to current alignment to Tower Rd.
 - Project Cost: \$1B-\$2B

Project Status:

- NEPA: Final EIS ongoing – 18-month process; ROD planned 12-month process
- Current rehab work on viaduct to extend life 10-20 years

Funding/Financing Plan:

- No current available funding
- \$422 M identified in LRTP
- Toll funding is being considered

I-70 Mountain Corridor Project



Project Scope:

- Denver to Glenwood Springs, 144 miles
- Includes High Speed Rail /Advanced Guideway System and TDM Measures
- Six-lane from Floyd Hill through the Twin Tunnels, including bike trail
- Frontage roads from Idaho Springs East to Hidden Valley and Hidden Valley to US 6.
- Empire Junction (U.S. 40/I-70) improvements.
- Eastbound auxiliary lane from Eisenhower Johnson Memorial Tunnel (EJMT) to Herman Gulch
- WB auxiliary lane from Bakerville to the EJMT.

Project Status:

- Programmatic EIS ongoing; currently revising Draft PEIS to include Collaborative Effort recommendations;
- ROD Anticipated Spring 2011

Funding/Financing Plan:

- Commission originally committed approximately \$1.6 B of the Strategic Corridor Investment Program
- No other funding currently available

Community Support:

- I-70 Coalition
- Collaborative Effort - 27-member stakeholder group, consensus on Preferred Alternative

Powers Blvd./Colorado Springs Toll Road Project



Project Scope:

- Local developer champion – Case International
- 4-lane toll road eastern Colorado Springs, 33 miles
- Phase 1: \$300 M; Total Project: \$600 M

Project Status:

- Last discussions of toll road in 2008
- North Powers EA/FONSI in 1999, but did not clear toll road so re-eval would be required; No other NEPA work for project, just feasibility study
- Current Urban Renewal designation

Funding/Financing Plan:

- North Powers section - potential bonding supported by local sales tax revenue; Developer will pay to build between SH 83 and I-25; paid back with sales tax revenues from new mall
- Private sector study found toll-feasible project
- Full project in LRTP and could be funded by tolls

Community Support:

- Local elected officials, including Colorado Springs City Council, did not express support for toll road
- Tolling education of public and business stakeholders needed to generate support/acceptance
- Potential issues with Federal funding of existing sections

“The Georgia Experience”

Original P3 Approach – Unsolicited Proposals

Let the market suggest solutions to transportation problems

■ Lessons Learned:

- SR 400 freeway in Atlanta received Unsolicited Proposal
- Markets interests are not always aligned with state transportation interests
- Project priorities can be different – ROI versus transportation system needs
- Result: GDOT rejected proposals and has new approach to P3 procurement
- Note: Georgia article in handout packet

“The Georgia Experience”

New P3 Approach – Solicited Proposals

“There is great support within the DOT for this P3 program and a structure in place to back that up”

■ Lessons Learned:

- New P3 legislation eliminated unsolicited proposals
- Result: Managed Lane System Plan (MLSP) – 18 Projects, \$16 B
- Objective of Plan: Reduce congestion by adding capacity
- First Project: West by Northwest (WxNW) in Atlanta region
 - \$2.3 B, 50-year Concession, 2-Phases
 - Ph1: Managed Lane system on I-75 and I-575 Northwest Corridor
 - Ph 2: Managed Lane system west wall of I-285 and portion I-20 Western Corridor
 - 3 Consortia, well-known P3 players, responded to RFQ
 - Financial close anticipated July 2011

“The Georgia Experience”

New P3 Approach – Project Eligibility Criteria

“If you can demonstrate to the market that there is a process the department lays out and the department is able to effectively deliver on that schedule, then that’s the beginning steps of developing that sort of trust and relationship with the industry”

■ Lessons Learned:

- Georgia has a process in place for evaluating potential P3 projects – a best practice in the country
- Case-by-case look at what is optimal approach to each project
- Applied process to Managed Lane System Plan and developed an evaluation model

“The Georgia Experience”

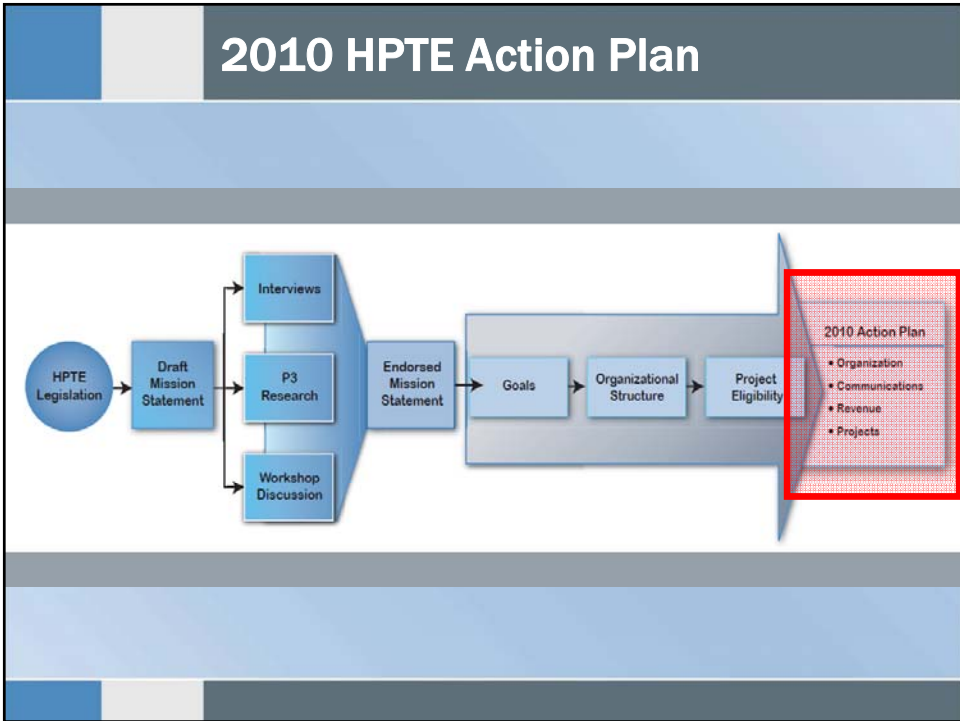
Managed Lane System Plan Model - AltaViz

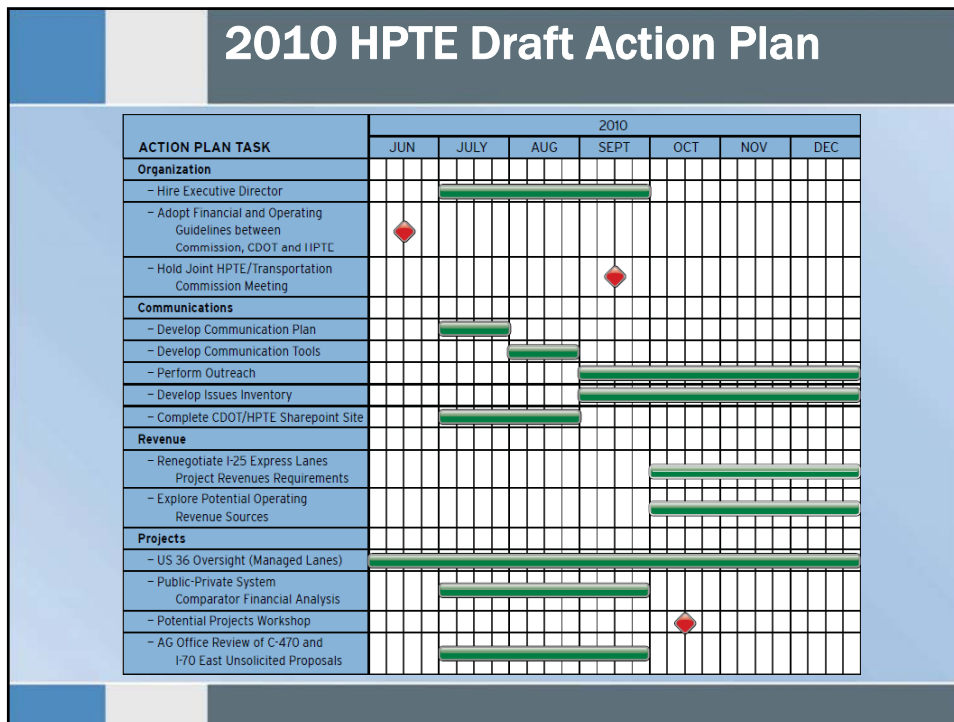


“The Georgia Experience”

Project Eligibility Criteria

		Actual score	Maximum score
1. Potential for Value Added From Private Sector Involvement		0	15
No.	Criterion	Comments (including any critical concerns)	
1	To what extent can life cycle efficiencies and facility performance be optimized over time?		
2	To what extent can the design benefit from private sector innovation?		
3	To what extent can the construction benefit from private sector innovation?		
4	To what extent can operations and maintenance benefit from private sector innovation?		
5	What is the potential for integration issues/problems if the design, construction, operation and/or maintenance are performed by separate entities?		
6	To what extent will expedited project delivery benefit the State's mobility needs?		
2. Institutional / Political Support		0	25
No.	Criterion	Comments (including any critical concerns)	
1	Does the project have support from the general public / elected officials?		
2	To what extent does the project address a critical transportation need?		
3	Is the project consistent with, as relevant, the Statewide Strategic Plan or MPO Long Range Plans?		
4	Is there consensus among the various local and regional authorities to pursue the project?		
3. Project Maturity		0	15





- ### Other Key Interview Takeaway Messages
- Tolling – managing mobility, not just intended to raise money
 - HPTE – should be more than just about tolling
 - Equity issues need to be considered
 - HPTE – their role to educate the public on funding shortfalls for transportation?
 - Build collaborative relationship with CDOT Commission and staff
 - Need to show progress
 - Need to have Transparency

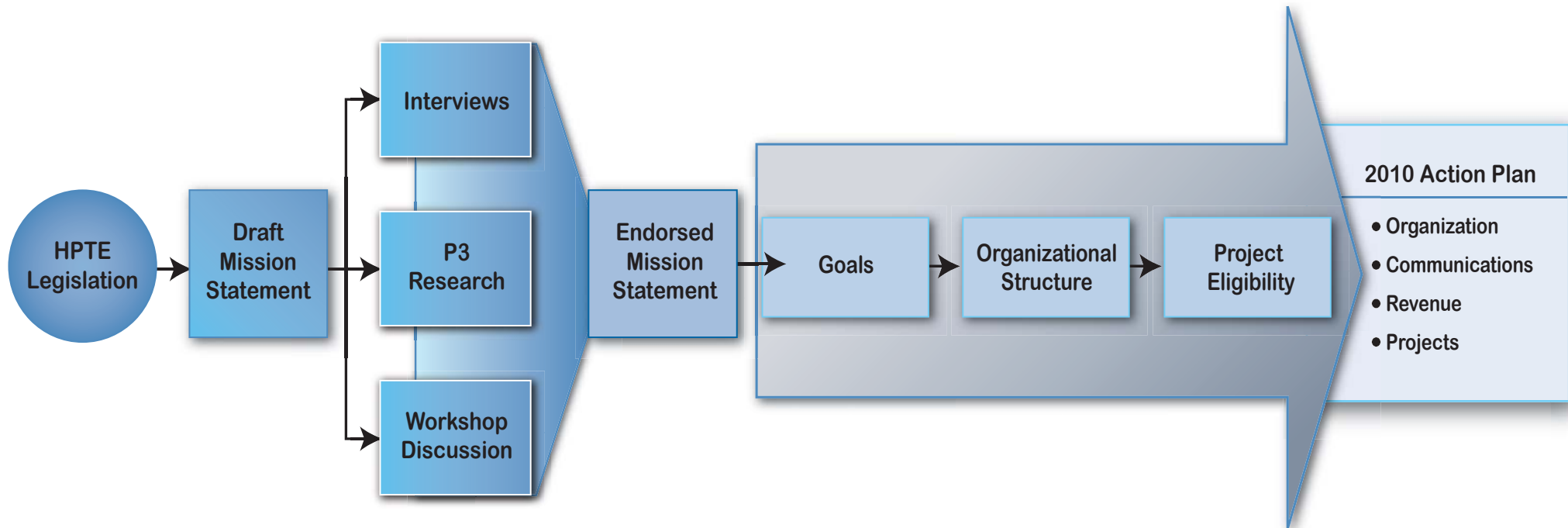
Other P3 Research Key Takeaway Messages

- Be flexible in procurement, contracting, and finance process
- Secure government and community stakeholders' support
- Pick the right projects
- Be patient and start at the right time
- Consider all untapped revenue potential – VMT pricing, land, solar/wind energy, fueling stations
- Secure outside experts with P3 experience
- Be transparent and have an interactive process

Workshop Conclusion

Workshop Boards

HPTE Strategic Planning Process



Draft HPTE Mission Statement

The mission of the Colorado High-Performance Transportation Enterprise is to partner with local agencies, communities and private industry to seek out opportunities for creative means of financing and accelerating the delivery of surface transportation infrastructure projects.

Develop Partnerships.

Lead Innovative Financing.

Accelerate Project Delivery.

Draft HPTE Goals

■ Short-Term Goals (2010):

- Complete the Strategic Plan and 2010 Action Plan
- Hire an HPTE Executive Director
- Develop a Communications Plan for the HPTE
- Establish financial and operating guidelines between HPTE, Commission, and CDOT
- Prioritize and evaluate potential candidate projects (including all modes: transit, aviation, etc.)

■ Mid-Term Goals (2011 & Beyond):

- Analyze all potential revenue sources to be self-sustaining
- Develop organization/staffing needs
- Execute Communications Plan - Internal and External
- Move viable project(s) forward
- Develop role of HPTE during long-range planning process (identify projects with potential for alternative financing)

Draft HPTE Project Eligibility

Project Eligibility Criteria:

- Projects that cannot be funded with traditional “pay as you go” methods and require financing
- Projects with State, Federal and affected local government and community support
- Projects that improve safety, capacity and accessibility
- Projects that allow more efficient movement of people, goods and information
- Projects that will accelerate the economic recovery of the state
- *Projects requiring user fee-based project funding (Tolling, VMT Pricing, etc.)*
- *Projects with Public Private Partnership (P3) involvement*

2010 HPTE Action Plan

ACTION PLAN TASK	2010						
	JUN	JULY	AUG	SEPT	OCT	NOV	DEC
Organization							
- Hire Executive Director		████████████████████					
- Adopt Financial and Operating Guidelines between Commission, CDOT and HPTE	◆						
- Hold Joint HPTE/Transportation Commission Meeting				◆			
Communications							
- Develop Communication Plan		████████					
- Develop Communication Tools			████████				
- Perform Outreach				████████████████████			
- Develop Issues Inventory				████████████████████			
- Complete CDOT/HPTE Sharepoint Site		████████████████					
Revenue							
- Renegotiate I-25 Express Lanes Project Revenues Requirements					████████████████		
- Explore Potential Operating Revenue Sources					████████████████		
Projects							
- US 36 Oversight (Managed Lanes)	████████████████████						
- Public-Private System Comparator Financial Analysis		████████████████					
- Potential Projects Workshop					◆		
- AG Office Review of C-470 and I-70 East Unsolicited Proposals		████████████████					

Workshop Handouts

Colorado HPTE Timeline of One-on-One Interviews

HPTE Board Members

Charlotte Robinson
Stan Matsunaka
Dan Cleveland
Tim Gagen
Doug Aden
Heather Barry
Trey Rogers (new member)

Status

HELD – 5/13 @ 10:00 am (w/ David)
HELD - 4/20 @ 3:00 pm @ HNTB (via phone)
HELD - 4/16 @ 10:00 am @ HNTB
HELD - 4/13 @ 9:30 am @ CDOT HQ
HELD - 4/13 @ 8:30 am @ CDOT HQ
Larry sent email on 5/18
HELD - 5/26 @ 9:00 am @ his office

CDOT Staff

Russ George, Exec Dir
Peggy Catlin
Pam Hutton
Heather Copp
Jennifer Finch
Reza Akhavan, Reg 6 Dir
Tony Devito, Reg 1 Dir
Myron Hora, Reg 4 Plan

Status

HELD - 4/22 @ 3:00 pm @ CDOT HQ (Russ Office)
HELD - 4/29 @ 3:00 pm @ CDOT HQ
HELD - 5/11 @ 4:00 pm @ CDOT HQ
HELD - 5/25 @ 3:30 pm @ CDOT HQ
HELD - 4/29 @ 4:00 pm @ CDOT HQ
HELD - 4/19 @ 7:30 am @ Village Inn (I-25/Colo)
HELD - 5/4 @ 10:00 am @ CDOT Reg. 1 office
HELD – 4/29 @ 10:00 am @ PB (w/ Larry)

External Stakeholders

Carla Perez, Governor's Office
Michael Penny, I-70 Mountain
Frisco Town Mgr.

Status

HELD - 5/20 @ 2:00 pm @ State Capitol
HELD – 5/24 @ 8:30 am (via phone)

US 36 Coalition Group
Jack Hilbert, C 470
Douglas Co. Commissioner

HELD - 4/20 @ 12:30 pm @ HNTB
HELD - 5/19 @ 2:30 pm @ DRCOG

Cliff Davidson, North I-25
DRCOG Board w/ Jennifer S. &
Steve R.

Larry sent email on 4/22
HELD - 4/21 @ 3:00 pm @ DRCOG

Craig Casper, Pikes Peak ACG
Bob Murphy, Metro Mayors

HELD - 4/26 @ 10:30 am @ PPACG
Offer extended – group chose not to be interviewed –
deferred to Corridor Coalitions

Reeves Brown, Club 20

Larry sent email on 5/11

Total of 20 One-on-One Interviews were HELD.

Colorado High-Performance Transportation Enterprise
Strategic Planning Outreach
One-on-One Interviews Summary
Spring 2010

The High Performance Transportation Enterprise (HPTE) was created by the General Assembly of the State of Colorado with the authority and mission to seek out opportunities for innovative and efficient means of financing important surface transportation infrastructure projects. These projects will improve the safety, capacity, and accessibility of the surface transportation system, can feasibly be commenced in a reasonable amount of time, will allow more efficient movement of people, good, and information throughout the state, and will accelerate the economic recovery of the state.

To effectively advance this mission, HPTE is beginning a strategic planning process that will establish the vision, short-term and mid-term goals, and a 2010 Action Plan for the transportation enterprise. HPTE desires your input into this process. HPTE requests your responses to the following questions and will incorporate your thoughts into their strategic planning efforts.

1. What is your vision for HPTE?
2. What short-term goals do you believe HPTE should establish for 2010?
3. What mid-term goals do you believe HPTE should establish beyond 2010?
4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?
5. What criteria would you establish to determine HPTE project eligibility?
6. What would you define as the critical considerations to prioritize HPTE projects for implementation?
7. Are there projects that you would put at the top of a priority list?
8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?
9. What role/s do you see HPTE members taking with key stakeholders?
10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Summary of One-on-One Interview Findings

1. What is your vision for HPTE?

- Identifying a strategic plan.
- Need to figure out how to be a functioning entity?
- HPTE to serve as a tool in providing innovative funding and financing for major infrastructure projects. (6)
- HPTE to help facilitate a turnaround in the local governments perception in how tolling can help enhance the transportation system and their communities. (2)
- Address growth and need for the state of Colorado.
- Connectivity of the system is really important. Need to focus on all of the corridors supporting each other in one system. (3)
- What other funding mechanisms are out there to look at?
- Look at the different corridors functioning as separate systems. (2)
- Using the US36 corridor as a successful project in helping create the HPTE vision. (2)
- Partnering with local communities.
- Would like to see the vision go beyond the idea of just roads. The idea of incorporating alternative forms of transportation; light rail, dedicated lanes, bike paths, etc. for pieces of the corridors.
- HPTE to serve as a resource for an on-going funding strategy for the State in building and maintaining the roads.
- Build the HPTE vision on some of the foundation that was built from the CTE. (3)
- An organization and enterprise that is willing to take on another partner such as RTD, Airport Authority, etc. to help package a financeable program.
- A way of obtaining funding for other projects that CDOT or the State does not have the funding capabilities. (2)
- Collaborative process in bringing people together on much needed improvements.
- Explore tolling – a user pay way of financing projects in the future. (2)
- Hoping HPTE can kick start some public/private partnerships in the state of Colorado. (2)
- HPTE to consider more than just tolling as an option for financing.

2. What short-term goals do you believe HPTE should establish for 2010?

- Determining who the stakeholders are.
- Community relationships

- To develop a communications plan with the stakeholders.(5)
- Define relationships with CDOT and the Regions.
- Develop revenue sources (hire staff for the HPTE). (3)
- Capture all of the lessons learned from the CTE. Learn from the successes and failures of the CTE.
- Decision to hire a Director for the HPTE (4)
- Education (4)
- Getting the HPTE name out and letting people know that the HPTE exists.
- How is the HPTE going to get funding to operate? (3)
- Prioritize the project list by readiness (2)

3. What mid-term goals do you believe HPTE should establish beyond 2010?

- Staffing will be very important.
- Start evaluating and prioritizing projects based on their ability to create funds in tolling or HOT lanes. (5)
- Reaching out to groups such as the I-70 Coalition, US 36 Coalition and other corridors and attending their meetings to see what their needs are. (3)
- Hire a knowledgeable group of consultants that understand innovative contracting.
- Public acknowledgement and acceptance of HPTE.
- HPTE needs to team up with CDOT and their staff. (3)
- HPTE to be proactive with CDOT and their legislature.
- Funding long term. (2)
- Deciding what HPTE sees in terms of a Director.
- Communication Plan (3)
- Standardized PowerPoint presentation on the HPTE (2)
- Political piece will have a huge impact. Will have to wait and see where the new Governor is coming from.
- Reach out to other agencies and start the dialogue.
- Be proactive
- HPTE to look at the benefits of public/private partnerships.
- Develop a system wide approach – verify revenue projections.
- HPTE should not be hindered by what CDOT cannot do.
- Get funding assistance from the Transportation Commission.(2)

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Beaucroatic problems CDOT or the Transportation Commission trying to take full control of HPTE. (3)
- Education of the HPTE Board Members. (3)
- Convincing the public to use the roads once they are built.
- HPTE needs to establish a mission and have buy-in from the public and local agencies. (2)
- Need to establish a partnership between HPTE, Transportation Commission and CDOT staff. (3)
- HPTE to generate a funding source for themselves. Bringing in own staff not having to rely on CDOT or the Transportation Commission. (5)
- Politics – prioritizing, partnering, first come first serve, local match commitments. (5)
- No action
- Educating the public on what it costs to operate and maintain the roads. (3)
- Challenges of the public coming to grips with embracing tolling.
- No current funding sources to carry out the core mission.
- Having a new Governor and changes to the leadership in the enterprise board and CDOT.

5. What criteria would you establish to determine HPTE Project eligibility?

- Community support. (7)
- To the extent that you have to finance the project with debt.
- Feasibility – blend of congestion relief and some form of financing. (7)
- Need for the Transportation Commission and the HPTE to work together.
- Sufficient to have the tolls cover operations and maintenance and other funds to use for the capital improvements.
- Support of the state and federal agencies and have a ROD completed. (2)
- Sustainability – reducing the number of vehicles on the road.
- Projects would need to have been through Regional Planning Processes and included in the Statewide Transportation Plan.
- Political support/partnering with stakeholders. (3)
- Connectivity
- Combination of funding, financing and revenue. (2)

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

- Support from the communities. (7)
- Big investment on return (7)
- Projects that have been NEPA cleared. (2)
- Projects that stimulate and help promote the growth of Colorado. (2)
- Looking at projects like US36 and its synergy. (2)
- Corridors supporting other corridors as part of a system.
- Completing 7th Pot Projects (2)
- Looking at what is in the DRCOG and STIP state plan.
- Political support
- The HPTE needs the buy in from the Planning partners.

7. Are there projects that you would put at the top of a priority list?

- C-470 (3)
- US 36 (8)
- I-70 (4)
- 225
- I-25 & Powers (2)
- I-25 North (3)
- Widening of I-25 down to Pueblo
- Start with the projects that will make money first.

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

- A blended approach of vision and planning. (3)
- Work closely with CDOT staff (4)
- Provide regular updates with the transportation commission.
- RTD or DRCOG may want to talk to HPTE about teaming for Fastracks.

- Would like to see HPTE get away from CDOT procedures.
- HPTE to have more autonomy. (3)
- Keep lines of communication open with the commission.
- Use the Bridge Enterprise as a model for the HPTE.
- Need to be partners with the commission.
- Need to have strong leadership from the CDOT Director.
- Relationship of CDOT staff and the commission should be as strong as possible to achieve the same goals. (3)
- HPTE to be seen as a tool of CDOT.
- Need to have face time with the commission. (2)
- Matrix management approach.
- Working with the Bridge Enterprise.
- A collaborative approach

9. What role/s do you see HPTE members taking with key stakeholders?

- Serving as ambassadors of HPTE and out in the public and communities listening to their needs. (7)
- HPTE members need to support the Director. (3)
- Going to legislature and local elected officials.
- Giving feedback to the Director on what they are hearing from the public and local agencies.
- Bringing forth issues that HPTE needs to deal with.
- Education and input. (3)
- Understanding the fiscal reality.
- Timeframe of getting a Director on board for the HPTE.
- Director will serve as the face of the HPTE.
- Project readiness and the stakeholders that are affected.
- Attendance of key meetings.
- Standardized PowerPoint presentation of the HPTE
- Take out the element of intimidation.
- Stay blended with CDOT.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

- Transparency
- Enterprise that works closely with the commission.
- Every attribute that Russ George has; selfless, honest, engaging, earned the respect and kept it along the journey of his life.
- Not just a Denver Metroplex problem.
- Getting other CDOT Regions involved.
- HPTE serving as an unbiased and having no agendas Board.
- Identifying funding sources that are out there.
- Utilize more of the tools from the legislature in access to some funding. The HPTE becomes a separate arm of the legislature where we can control funds.
- Timing of the next Long Range Plans.
- Do not emphasize the tolling aspect.
- Use the strategic plan as a communication tool. (2)
- Identify key agreements and look at them for possible opportunities.
- Long term vision of the structure, staff and the full time director of the HPTE.
- Broad range of stakeholders.
- Start with the STAC representatives for some guidance with the HPTE.
- Education of the HPTE Board.
- Education of tolling as a benefit.

Colorado HPTE Transportation Industry Questionnaires

Greg Henk, Flatiron Construction

Joe Wingerter, Kiewit

Wendy Amann, Huitt-Zollars

Keith Bishop, Northwest Parkway

Les Gruen, CDOT Commissioner

Cathy Garcia, Action 22

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Spring 2010

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To effectively advance this mission, HPTE is beginning a strategic planning process that will establish the vision, short-term and mid-term goals, and a 2010 Action Plan for the transportation enterprise. HPTE desires your input into this process. HPTE requests your responses to the following questions and will incorporate your thoughts into their strategic planning efforts.

1. What is your vision for HPTE?

To become the authorizing, procurement and contracting entity for efficient alternative delivery of critical surface transportation improvement/expansion projects on behalf of the state of Colorado. Within this vision is an expectation that the HPTE will continue to receive the leadership, empowerment and statutory support to implement a myriad of financial tools and contracting methods that leverage the benefits of committed partnerships between the public sector and private industry to achieve the HPTE mission.

2. What short-term goals do you believe HPTE should establish for 2010?

Stabilize the organization with a commitment to strong leadership and an appropriate resource base that is motivated to successfully deliver transportation assets.

Study the best practices of other US state and Canadian provincial existing and emerging PPP programs to establish the framework for the "Colorado Model".

Identify, prioritize and take ownership of at least [6] priority surface transportation projects. Establish a process to measure progress against a published list of objectives.

Develop a stakeholder consensus building program through predictable, consistent, and forthright communication. Demonstrate and communicate successes – even small ones; acknowledge and learn from activities that fall short of stated objectives.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Create a programmatic model that includes a clear decision making structure and a value for money and/or project financial feasibility analysis process that can be used to demonstrate both the business case for private industry engagement and the benefits to the public sector for moving forward with project under the HPTE.

Secure a committed funding stream similar to the Bridge Enterprise fund to generate a capital base for the priority projects.

Become the national model for implementing VMT, tolling, asset monetization, availability payment and a range of PDA, concession and/or DBF structures that provide a pipeline of project delivery opportunities and eventually creates an entity that generates sufficient ongoing revenues to continue with capital expansion, maintenance and operations for critical transportation projects .

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Inconsistent leadership at the highest level of state government for supporting bold moves to utilize PPPs and innovative financial instruments for improving and expanding Colorado's surface transportation network .

The risk of misinformed and/or misguided public opposition to the HPTE that marginalizes its authority and empowerment for taking decisive action on behalf of Colorado's transportation network.

Inability to establish a consistent funding stream to initiate a pipeline of projects – the shared I-25 HOT revenues alone (with constraints) are not sufficient to get much done.

5. What criteria would you establish to determine HPTE project eligibility?

A project that is critical to the state or region with a sense of urgency for delivery.

Strong support from stakeholders, with a non-CDOT project champion that is willing to provide unwavering support to advance the project by the HPTE.

Complex projects with upfront funding challenges where solutions can be optimized through technical, financial and operational innovation and efficiencies.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Has been advanced but not necessarily completed with the NEPA process.

A willingness to deliver the project in a single phase (or under one contract) to maximize the benefits of expedited mobility improvements and the return on private sector investment.

Financial feasibility analysis has been completed and a business case has been demonstrated.

A respected local champion that demonstrates a relentless attitude for seeing the project through to delivery.

IGA's and MOUs drafted (or in process) to solidify local commitments.

7. Are there projects that you would put at the top of a priority list?

Projects that should receive consideration include:

US 36

I-25 North

C-470

I-70 Mountain

I-25 Valley

I-25 Pueblo

US 24

Elevated I-70

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

In general we would see a close and collaborative relationship between HPTE and CDOT with a commitment to achieving common goals for the advancement of critical transportation assets.

The HPTE becomes the procurement and contracting entity for the projects in its portfolio on behalf of the state and CDOT.

Required CDOT staff seconded to the project during the procurement and delivery phase to augment limited HPTE staff and advisory team.

The transportation asset remains in the CDOT network, but revenues are assigned to the HPTE.

The HPTE Board has an annual retreat with the Transportation Commission to discuss and strategize on a wide range of strategic initiatives and to assess lessons-learned.

9. What role/s do you see HPTE members taking with key stakeholders?

Leadership and support for all levels of government on the range of opportunities to get projects delivered implementing the tools available in the HPTE basket.

A legal framework for delivering challenging projects outside of traditional procurements measures.

A consensus builder and data depository of alternative funding measures and best practices that can be deployed to support local decisions on transportation issues.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Create a process and set of objectives for an Industry/government Advisory Panel with staggered and rotating membership and at quarterly or bi-annual meetings.

Establish a baseline of program options for project implementation drawing from an in depth study of best practices from around North America (Canada) and across the world.

HPTE should be represented on the DRCOG board.

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1. What is your vision for HPTE?

A statewide mechanism to fund priority projects in the State. Colorado needs to remain competitive against other states for economic development and transportation is very much needed.

2. What short-term goals do you believe HPTE should establish for 2010?

Discussion and debate on the pros and cons of various financing mechanisms. System/process of working with the CDOT Commission and its mechanism for prioritizing projects.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

See number 2 above .. should be a work in process goal and improved.

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

My concern is if Colorado wants to be competitive in the US for business and job creation, that the Denver metro area is going to state that we need transportation projects in highly populated areas vs. other areas of the state. I believe the State needs to make sure it spreads money to transportation projects throughout the state to provide those areas with "opportunities" to attract new businesses and jobs. For example, if Hwy. 160 from Walsenburg to Durango is four-laned, perhaps the San Luis Valley could attract a trucking company. If Hwy. 50 from the Kansas border

(Kansas is working on 4-laning) is four-laned to Pueblo, those towns will not lose potential business because of only having a two lane highway. The projects should be viewed as to whether they have potential in enhancing the opportunities to bring in new business and jobs to the region. The other issue here is that Colorado has only one east-west four-laned Hwy. which is I-70. Why not have a second east-west mechanism?

5. What criteria would you establish to determine HPTE project eligibility?

I would look at it from an economic development value. Could the project assist those areas without major airports, etc., in attracting businesses. Of course, the other criteria would be safety. There are a lot of roads that are absolutely dangerous. Most of the bad bridges are located in Southern Colorado.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Economic Development

Safety

How the TPRs rate the project

7. Are there projects that you would put at the top of a priority list?

Deficient bridges

Doubling of Hwy. 50 and Hwy. 160 in Southern Colorado

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

I believe the two should work hand in hand in determining priorities. The CDOT Commission, TPRs, etc., have a good system in determining priorities. Working together and adding the "economic development" criteria would assist in getting projects done.

9. What role/s do you see HPTE members taking with key stakeholders?

HPTE role is to listen, look at the projects and maintain consistent and regular communications with stakeholders. Even if there is nothing to report, stating there is nothing to report is better than not stating anything at all!!

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

This is a great start to the strategic planning process. I am sure you have in the process the SWOT system, etc. Communications are key!!

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1. What is your vision for HPTE?

Because of the current and projected shortfall of traditional federal and state transportation funding, the HPTE should be seeking out projects that can be funded through other direct revenue streams such as tolls, as well as financed via alternate methods such as public-private partnerships. This should include Managed Lanes (HOT, Express Toll, etc.), gap facilities such as the completion of C-470, new limited access facilities, etc.

2. What short-term goals do you believe HPTE should establish for 2010?

- ID Projects
- Establish a consensus building plan for those projects – politically, publicly, and with private sector
- Limit level of design to 10-30% on those projects
- Prioritize the projects and develop an implementation plan for those projects

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Implement one major project to demonstrate

- To the industry – that the HPTE has the political will and technical expertise to implement specific projects
- To the public that a toll project is good for the public as the alternate is to do nothing

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Public acceptance of tolls – public perception they have already paid for the road via gas taxes
- Political consensus building on each project

5. What criteria would you establish to determine HPTE project eligibility?

- Project Need – current status of traffic and impacts to public and business
- Financial feasibility (with some public “gap-funding”)
- Political acceptability
- Strong political advocate for the project

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

See criteria in item 5, above

7. Are there projects that you would put at the top of a priority list?

- C-470 Managed/HOT Lanes
- I-70 Express Toll (or Managed) Lanes
- US 36 Managed/HOT Lanes
- I-25 North Managed/HOT Lanes

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

The HPTE should act independently but closely and cooperatively with the Department. HPTE project management staff should be independent of CDOT but CDOT may provide support on technical matters – environmental, ROW, utilities, PR, etc. for the projects at the HPTE’s request.

9. What role/s do you see HPTE members taking with key stakeholders?

- Selling the value of tolled improvements
- Identifying key projects
- Building general support for the projects
- Identifying and enabling a strong political advocate for each project.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Colorado has the second highest drop in construction employment in the US (behind only Nevada). It is important to try to move projects ahead expeditiously. It is time to be bold, not time to “test the water.”

The HPTE should consider visiting other Owners who have successfully implemented PPP’s – e.g.; Partnerships BC, FDOT, etc.

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1. What is your vision for HPTE?

- Create a Market plan and a pipeline of projects for both short and long term. This is essential to attract attention from the market place.
- HPTE should be the “architect” of the State of Colorado to deliver projects using innovative program delivery methods and alternative financing, such as design build, design build-finance-operate-maintain, TIFIA, PAB’s, Buy America Bonds, Real Toll, Shadow Toll or Availability payments or any combination of these revenue schemes.
- HPTE should be the voice of transportation when it comes to Innovative Program Delivery, as well as provide leadership that directs the delivery of infrastructure within the Metro area (and beyond) to alleviate the ever-increasing congestion problems, safety and promote innovation and customer satisfaction.
- To select and assist in financing major qualified projects by facilitating financial assistance ... through various financing sources for constructing and improving highway and transportation facilities necessary for public purposes.

Our vision is that HPTE and CDOT forge a partnership whereby HPTE is the conduit for evaluating, financing, and educating stakeholders on innovative approaches to developing infrastructure, and together with CDOT, will be responsible for executing and delivering the selected projects.

2. What short-term goals do you believe HPTE should establish for 2010?

- Establish business rules and process that maximize the abilities of HPTE, while maximizing the skilled employees of CDOT. Formulate the internal connection with CDOT, and define the roles of both entities. Develop business rules and processes that

facilitate the procurement of a Design Build or Design Build Finance Operate project. These processes should be incorporated and considered in HPTE's project selection criteria, by requiring the necessary documentation and data needed by HPTE to review a prospective project. For example, completed traffic and revenue study, project time line, environmental status, project budget, and is the project in the TIP or STIP.... These requirements should be similar to what's required by TIFIA, yet more specific to Colorado.

- Establish opportunities for the private sector to support transportation in Colorado through private equity and/or business operations.
- Select two or three projects with different risk dynamics to move forward utilizing the abilities of HPTE.

3. What mid-term goals do you believe HPTE should establish beyond 2010?

- Develop a white paper of system integration to ease congestion and optimize passenger mobility (operational issues, costs, safety, environmental and social impacts, advantages and disadvantages of different models)
- Reach financial close of one project by Q2 2011
- Completion of the Beltway around Denver

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

- Political hurdles
- Strong leadership at HPTE to move things beyond where they have been for years and years.
- Lack of education and understanding of what's required to deliver a successful project within a transparent process.

5. What criteria would you establish to determine HPTE project eligibility?

- Significance to the national and state transportation system, and the extent to which it generates economic benefits.
- The project must be supported in whole or in part from user charges, and be required to complete an investment grade Traffic and Revenue study.
- Impact on the environment
- Leverage private capital, promote innovation, relieve traffic congestion, and promote customer service technologies.
- An eligible project must be at least \$100 million, and included in the applicable State Transportation Improvement Program.

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?
See above... #5.
7. Are there projects that you would put at the top of a priority list?
- Completion of Beltway around Denver (Jefferson Parkway)
 - Managed Lanes on C470 / widening
 - Continue managed lanes North on I- 25 to Hwy 7
 - Widening of US 36 and BRT
 - Technology project that promotes integration between roads, car parking , and car customer related use. (Convenience, innovation and other means of increasing revenue for the transportation needs by maximizing existing facilities).
8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?
- We envision a very close relationship, in fact a business partnership. HPTE should lead the development of the business rules and project selection process, while working closely with CDOT and the Colorado Transportation Commission to provide support both technical and political. CDOT and Commission must support the HPTE board on decisions and have an active role in management oversight, procurement, and other necessary project requirements. (environmental, ROW, etc)
9. What role/s do you see HPTE members taking with key stakeholders?
- Developing relationships with key Stakeholders within each corridor.
 - Understanding each project in order to make an informed decision about which project would be selected by HPTE and funded.
 - Promote and educate the local stakeholders about the various financing, procurement and delivery methods
 - Communication with State and Local officials and provide coordination to mitigate political concerns.
10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?
- Establish the role of HPTE and key processes
 - Establish the roles of CDOT
 - Establish project selection criteria
 - Establish the types of project information needed for a potential project

- Develop a potential list of projects that are ready to go, select one and move forward.

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1. What is your vision for HPTE?

2. What short-term goals do you believe HPTE should establish for 2010?

Identify multiple funding paths/
methods of financing
- creative means of getting funding,
not dependent on traditional
bank lending

3. What mid-term goals do you believe HPTE should establish beyond 2010?

Sustainability incorporated in transportation
growth

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Funding
Public approval - especially if tax money
is considered
Time - getting it done fast enough

5. What criteria would you establish to determine HPTE project eligibility?

- accessible area
- need for that type of transportation

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

- ease with which permitting can be done
- need for that type of transportation

7. Are there projects that you would put at the top of a priority list?

Rapid transit to all quadrants of metro area

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

Emulate a design team - equal partners working toward same goal, hopefully will help streamline approval processes

9. What role/s do you see HPTE members taking with key stakeholders?

Collaborative - don't want to be "bossy" but need to make sure goals are met (over & above stakeholders personal goals)

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Create an advisory board that consists of public members, not involved in transportation to give "outside" as well as objective input

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4/8/10

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1. What is your vision for HPTE?

Identify, prioritize and move forward with the financing and construction of high priority surface transportation projects.

2. What short-term goals do you believe HPTE should establish for 2010?

see above

3. What mid-term goals do you believe HPTE should establish beyond 2010?

see #1

4. What would you say are the most significant challenges that could interfere with HPTE achieving these goals?

Existing bureaucracy getting in the way of action

5. What criteria would you establish to determine HPTE project eligibility?

Traffic volume / capacity issues
Inter-governmental collaboration
Ability to fund

6. What would you define as the critical considerations to prioritize HPTE projects for implementation?

Need
Viability

7. Are there projects that you would put at the top of a priority list?

7th Pot to the extent any are viable as
HPTE projects

8. What is your vision regarding how HPTE will work with CDOT and the Colorado Transportation Commission on HPTE projects?

No preconceived notions. Comfortable with
advice and consent since there is strong Commission representation
on HPTE.

9. What role/s do you see HPTE members taking with key stakeholders?

Leadership role with respect to selling the ideas.

10. What are other important considerations you believe HPTE should incorporate into the strategic planning process?

Colorado High Performance Transportation Enterprise Public Private Partnership Research Organizations

Selected Organizations:

- Georgia
- Florida
- Texas
- Oregon
- North Carolina
- Partnerships British Columbia

Georgia Tests New P3 Approach With WxNW

21 May 2010 | USA

View "SR 400 (Georgia)" profile

Georgia, one of the first US states to adopt P3 procurement, is also one of the first to have learned that market-based solutions have their limits.

The state's first idea was to accept unsolicited bids. Let the market suggest solutions to roads problems. What Georgia found out, however, is that the private sector's priority is profit, not the state's transportation needs. The unsolicited proposals tended to focus on projects that served the bidders' financial interest. In investment parlance, the unsolicited bids and the state's interests weren't aligned.

"Private sector proposers were selecting projects that offered what they perceived as the highest probability of financial success, but which weren't necessarily the department's most pressing priorities since they were not solving the state's congestion issues," said David Spear, the spokesman for the Georgia Department of Transportation (GDOT).

Georgia therefore rejected the proposals, went back to the drawing board, and came back with a new approach. The new legislation eliminated the unsolicited bids and empowered GDOT to identify and solicit projects it believes are necessary.

The result is the Managed Lane System Plan (MLSP), a shopping list of 18 projects with a price tag of more than USD16bn. The MLSP's objective is to reduce congestion by adding capacity.

In an early test of whether its new legislation better aligns state needs with the private sector's profit motive, Georgia is now procuring the West by Northwest (WxNW) project. In its entirety, the WxNW has a price tag of USD2.3bn, putting it among the handful of biggest projects in the US. Georgia may, however, procure the WxNW as two projects of roughly equal size.

"We are trying to form a partnership with the industry and we wouldn't be able to fund this project if we didn't."

– Vance Smith Jr.

"We are trying to form a partnership with the industry and we wouldn't be able to fund this project if we didn't have a partnership," Georgia Transportation Commissioner Vance Smith Jr. said in an interview with *InfraAmericas*.

The WxNW project has two elements: a 50-year concession to develop, design, construct, finance, operate and maintain a managed lane system on segments of I-75 and I-575 in the state's Cobb and Cherokee counties – known as the Northwest Corridor – as well as do preparatory engineering and environmental work for a managed lane system on the so-called west wall of I-285 and a portion of I-20 in Cobb County – known as the Western Corridor.

The project is meant to alleviate congestion in metropolitan Atlanta.

"They are not looking to monetize and get a pay check for this. They are looking to get capacity out of this," said Elliot Brown of RBC Capital Markets. Brown is GDOT's adviser.



Georgia's First P3 Projects

- **WxNW** – USD2.3bn project: Northwest Corridor is DBFOM. Western Corridor is now PDA. Three interested teams. Shortlist due in June.
- **Welcome Centers and Rest Areas** – Nine interstate highway Welcome Centers and 17 rest areas. RFI issued.
- **Multi-modal passenger terminal**: RFQ due in fall 2010.
- **SR400, I-85**: Procurement model under consideration.

The second MLSP project Georgia is bringing to market involves 17 rest areas and may include nine Welcome Centers on the Interstate Highway system. The private investor can increase revenue from advertising in the rest areas to mitigate maintenance and operational costs.

P3 Support in Georgia

Three consortia, encompassing five companies, have responded to GDOT's request for qualifications for the WxNW. The request for proposals is scheduled to go out in September. The preferred bidder should be chosen in March 2011 with financial close pencilled in for July 2011.

The state is expected to contribute USD350m to the cost and help the developer obtain funds under the Transportation Infrastructure Finance and Innovation Act (TIFIA) as well as with private activity bonds (PABs) and other sources of funding.

By comparison, the USD2.05bn North Tarrant Express in Texas was financed with USD573m in state contributions, USD400m in senior Private Activity Bond (PAB) debt, USD650m in TIFIA credit, and USD427m in sponsor equity.

"There is great support within the Department of Transportation for this program and a structure in place to back that up," said Chip Meeks, the innovative finance director at GDOT. He said the state is actively studying other P3 projects, including the State Route 400, the I-85, a multi-modal passenger terminal for which they will issue a RFQ next fall, and a potential lease of state communication towers.

"There is great support within the Department of Transportation for this program and a structure in place to back that up."

- Chip Meeks

The SR 400 is a major interstate-like freeway that serves as a main commuter route from the northern suburbs to downtown Atlanta. The project encompasses the construction of new, managed lanes in both directions. The department doesn't have a cost estimate or timetable but *InfraAmericas* understands it would require a rough investment of USD1bn. The project was one that received an unsolicited bid in the former P3 regime and GDOT is now making it a high priority.

The I-85 is a USD100m US Department of Transportation-funded managed lane demonstration project. The project includes converting the high occupancy vehicle (HOV) lanes in each direction on a 14-mile stretch of I-85 on the northeast side of the city into high occupancy toll (HOT) lanes. This isn't a P3 project yet but GDOT plans to install HOT lanes on all of I-85 and all interstates in the metro Atlanta area.

The multi-modal passenger terminal is a joint venture enterprise of GDOT, Metropolitan Atlanta Rapid Transit Authority, City of Atlanta, and other public sector groups who want private partners to develop a central location for bus, commuter rail, high speed rail and subway in the central downtown area with commercial office and/or retail space above the station. A memorandum of agreement between governmental partners is expected in the next month and a request for proposals is expected in the fall.

Congestion Problems

There's little question Georgia needs to do something. Projections are that traffic in the Atlanta metropolitan area will increase 30% in the next 25 years. Truck traffic is expected to increase 50%.

"Even with the economic times as they are, we are growing population wise, we are growing business wise," said Smith. "Industry still comes. It looks at Georgia and still comes to Georgia."

Dealing with that congestion threat in a coherent way was part of the reason for the state's new approach. GDOT wanted to see the bigger picture, and it created a new P3 division to help do so. The new P3 legislation also created strict criteria for projects, including a measure that considers the likely outcome. The idea is to make sure P3s run smoothly.

"The P3 delivery mechanism is a foundation and is something the department is looking to as a core delivery model."

- Elliot Brown

"There is a case-by-case look at what is the optimal approach to each project," said Brown. "That's not to say that every single corridor and every single segment of each corridor that was contemplated as the MLSP will be a P3 project. But the P3 delivery mechanism is a foundation and is something the department is looking to as a core delivery model for any of these projects."

New legislation and new approaches, of course, don't solve all the problems.

The state's P3 department is without a director following the retirement of Earl Mahfuz in April. But the state is so far meeting its deadlines. The infrastructure market is watching the WxNW closely to see whether it continues to follow the schedule and whether the project proves itself as big a pathfinder as the state would like.

Industry experts said GDOT looks like a desirable partner, but that the jury remains out on its ability to deliver.

Measured by the interest it's attracting, the WxNW can claim early success. The leading bidders are among the world's most important participants in road transportation projects. France's Vinci and Spain's OHL lead one consortium. Spain's ACS Infrastructure leads the second. Spain's Cintra, France's Meridiam, and Portugal's Grupo Soares da Costa lead the third.

"If you can demonstrate to the market that there is a process that the department lays out and the department is able to effectively deliver on that schedule, then that's the beginning steps of developing that sort of trust and relationship with the industry," said Brown.

Georgia Rest Area and Welcome Center Concessions

