



Oregon

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TO: House Committee on Transportation and Economic Development

FROM: James Whitty, Oregon Department of Transportation
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SUBJECT: HB 2696 and the Oregon Innovative Partnerships Program

INTRODUCTION

I will provide background on the Oregon Innovative Partnerships Program (OIPP), an existing alternative procurement program for road projects that may have relevance to the Coastal Parkway project and therefore HB 2696.

BACKGROUND

The 2003 Legislative Assembly enacted the Oregon Innovative Partnerships Program to allow new approaches to funding and financing transportation projects. The statutorily established goals for this program focus on innovation, speed and creating public private partnerships for transportation projects with private sector firms and other units of government.

The Oregon Innovative Partnerships Program is an alternative contracting program with significant flexibility. Under the OIPP statutes, the legislature authorized ODOT to solicit proposals or accept unsolicited proposals.

For example, the Oregon Transportation Commission (OTC) approved a solicitation of proposals in 2005 under program authority to select a private sector partner to determine the viability of three large road projects as privately managed and financed tolled facilities. The commission selected a partner but ultimately these projects did not go forward as innovative partnership projects. The reasons for this varied between an inability for the financial element to “pencil out” or lack of public support, or both.

UNSOLICITED PROPOSAL PROCESS

As an alternative to an ODOT solicitation of proposals, the Oregon Innovative Partnerships Program has a process for an entity external to ODOT to submit an unsolicited proposal. Submission of an unsolicited proposal triggers ODOT action to determine whether the proposal is viable and, if the Oregon Transportation Commission approves the project, a competition for development and construction of the project will ensue. Each proposal undergoes an extensive evaluation and the firm winning the competition engages in negotiations for a contract that must be approved by the commission before the project goes forward.

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The proponents of the Oregon Coast Parkway project have the option to submit an unsolicited proposal under the Oregon Innovative Partnerships Program at any time. Indeed, the unsolicited proposal process is currently being used by a private consortium for another project. After submitting an unsolicited conceptual proposal and surviving the competition process, the consortium is currently in the process of preparing a detailed project proposal for submission in a few months.

The unsolicited proposal process shows that the existing Oregon Innovative Partnerships Program provides an avenue for a private sector entity to submit a project like the Coastal Parkway to ODOT and the Oregon Transportation Commission. The main difference between the Oregon Innovative Partnership Program and HB 2696 is that the OIPP does not guarantee automatic approval as Section 2 of HB 2696 does. Rather, proposals submitted under the Oregon Innovative Partnerships Program must undergo an evaluation process to determine whether the project is appropriate for the state. ODOT must also consult with relevant local governments and area commissions on transportation but this local consultation would not be required under HB 2696. After the ODOT completes the evaluation and consultations, the Oregon Transportation Commission makes the decision about the appropriateness of the project. HB 2696 eliminates the OTC from the process.

CONCLUSION

HB 2696 appears duplicative of a program that already exists for submitting an unsolicited transportation project proposal to ODOT—the Oregon Innovative Partnerships Program.