

DOCUMENTATION OVERVIEW

OREGON CASE STUDY ON LOCAL-STATE-REGIONAL INFRASTRUCTURE INNOVATION

I. SUMMARY

- Oregon’s Efforts on Infrastructure Integration and Innovation – Overview Memo

This memo from Dan Carol, Director of Multi-State Initiatives for the State of Oregon, summarizes Oregon’s efforts to date to accelerate local, state and regional innovative practice and create a new investable infrastructure project pipeline.

(See Oregon_Overview_Memo.pdf)

- FAQs

The FAQs provide a quick reference source with answers to some of the most commonly asked questions regarding the genesis of the Oregon infrastructure initiative and how it will operate going forward.

(See FAQs.pdf)

- “Oregon’s Approach to Meeting Infrastructure Need’- American Infrastructure Magazine

Governor John Kitzhaber penned this piece which appeared in American Infrastructure Magazine in which he discusses the need for a new approach to infrastructure investing – one that incorporates key stakeholders, private investors and new approaches to delivering the critical assets that economic growth demands. He describes steps that are being taken in Oregon to advance this agenda and the important role that the West Coast Infrastructure Exchange will play in supporting a “21st century economy”.

(See Oregon_Infrastructure_Innovation_Article.pdf)

II. “MOVING FORWARD ON PUBLIC PRIVATE PARTNERSHIPS: U.S. AND INTERNATIONAL EXPERIENCE WITH PPP UNITS” – Brookings-Rockefeller Project on State and Metropolitan Innovation

The Brookings-Rockefeller Project on State and Metropolitan Innovation prepared this paper to promote Public Private Partnerships (PPPs) as a means of leveraging private sector financing and expertise for infrastructure projects. It provides a helpful primer on PPPs and an overview of how some of them operate internationally and in the U.S. It also recommends that states establish PPP units and create a culture for procurement that results in greater transparency and outcome-based decision-making.

(See Brookings_Report_on_PPPs.pdf)

III. “METHODOLOGY FOR QUANTITATIVE PROCUREMENT OPTIONS ANALYSIS DISCUSSION PAPER” – Partnerships British Columbia

This paper describes the recommendations put forth by Partnerships British Columbia (Partnerships BC) regarding the methodology and rationale for analyzing infrastructure procurement alternatives. It is a quantitative methodology only and does not address other considerations (e.g. environmental, social) that are relevant to the decision-making process. It is intended to provide a standard and consistent approach to evaluating procurement options including both traditional and PPP methods. It includes detailed information regarding cost estimation, financial modeling, risk analysis and discount rate methodology.

(See [Quantitative_Procurement_Methodology.pdf](#))

IV. STATE OF PLAY IN OREGON

- **Oregon Executive Order No. 12-17**

The Executive Order lays out the framework for infrastructure planning and capital budgeting at the State level going forward and demonstrates the intention to develop greater capacity for creating performance-based partnerships as a method of limiting State risk and securing new sources of private capital. This document also anticipates the formation of an entity to serve as a center of infrastructure expertise and innovation to advance infrastructure development and investment throughout the State.

(See [Executive_Order_12-17.pdf](#))

- **Draft Legislation**

HB 2345 is currently under consideration in the Oregon Legislature. If passed, the bill would create the Oregon Innovation in Infrastructure Task Force charged with making recommendations to the Legislature regarding participation in the West Coast Infrastructure Exchange (WCX) and strategies for creating, funding and operating an entity at the State level that would be a center of expertise to promote and implement innovative infrastructure practices.

(See [Draft_Legislation_HB2345.pdf](#))

V. BUSINESS PLAN – Oregon Infrastructure Acceleration Entity

The Business Plan provides the conceptual and organizational framework for an infrastructure entity at the State level. Starting with a statement of vision and operating principles, the document lays out a strategy for start-up, ongoing operations, governance, funding, and long term sustainability. Useful tools such as an operating budget, table of organization, job descriptions, compensation strategy and retainer and engagement letters are also included.

(See [Business_Plan.pdf](#))

VI. PERFORMANCE-BASED INFRASTRUCTURE STATUS MEMO – Preliminary Local Project Opportunities in Oregon

This memo is included in the package because it summarizes the reasons for using performance-based life-cycle infrastructure methods and what characterizes a good candidate project. It also provides helpful insight into the State’s thinking regarding what initiatives would make good pilot projects and why. The State of Oregon is very thoughtful in its consideration of projects that will address important needs, benefit from innovation and create prototypes that can be followed by various jurisdictions within the State. Several projects that have been investigated for inclusion in the program are described which helps the reader appreciate the variety and breadth of possible opportunities.

(See Project_Status_Memo.pdf)

VII. PROCUREMENT

The documents which follow provide guidance for the solicitation piece of the procurement process. They reflect a useful framework for understanding the suggested approach, but need to be tailored to individual circumstances.

- Policy and Statutory Considerations for Oregon (with Traditional vs. Partnership graphic)

This brief document explains important differences between the traditional least cost method of procurement for infrastructure (focused on securing the lowest cost construction bid) vs. the Design-Build-Finance-Maintain (DBFM) approach which seeks to achieve the greatest value for public expenditures over the lifecycle of a project. It also describes important legislative and statutory issues that need to be addressed for the State of Oregon in order to implement DBFM, but there are likely to be similar considerations in other States.

(See Policy_and_Statutory_Considerations.pdf)

- Partnerships Oregon – RFQ template

The purpose of the Request for Qualifications (“RFQ”) is to invite parties to express their interest in, and qualifications for, providing design, construction, financing and maintenance services to Oregon for its infrastructure projects. The State will use the responses to select a shortlist of candidates who are then eligible to participate in the Request for Proposals (“RFP”) stage of the selection process.

The use of this document is intended to provide a consistent method of identifying and screening qualified participants, reduce the time and cost of participating in the selection

process, bring transparency to the process and facilitate the development of procurement documentation.

(See RFQ_Template.doc)

- Partnerships Oregon – RFP template

The Request for Proposals (RFP) is a template to be followed by invited applicants who wish to submit proposals for the design, construction, financing and maintenance of infrastructure projects to the State. The purpose of the RFP is to provide a consistent format which will reduce the time and cost of the selection process, bring transparency to that process and facilitate the development of procurement documentation.

The document includes information regarding the procurement process, proposal requirements, submission instructions, evaluation and selection procedures and sample supporting documents.

(See RFQ_Template.doc)

- Sample documents – Surrey Memorial Hospital – Manitoba, Canada

This group of documents reflects the selection and contracting process related to the procurement of services to design, build, finance and maintain a facility at Surrey Memorial Hospital in Manitoba, Canada. When reading these documents, the reader should keep in mind that the project is located in Canada and will reflect procedures and approaches which are appropriate to Canadian law and practice. Additionally, it is important to understand that these documents reflect a significant amount of analysis, review and negotiation which are unique to the exigencies of this project and not appropriate for use with other projects

- Project Agreement

The Project Agreement governs the relationship between the project sponsor and the developer. It lays out the rights and obligations of both parties for developing, financing and operating the facility over time.

(See Surrey_Project_Agreement.pdf)

- RFQ

The RFQ is an invitation to interested parties to submit an indication of interest in, and qualifications for, undertaking the project. It includes an overview of the selection process and proposed project terms so that candidates can make an informed choice regarding submission. It also describes the required format and procedures for responding. From the responses received, the sponsor indicates its intention to choose up to three candidates who will be invited to respond to a Request for Proposals (RFP).

(See Surrey_RFQ.pdf)

- RFP
The RFP is an invitation to previously selected candidates to submit a competitive proposal to design, build, finance and maintain a new facility at Surrey Memorial Hospital. It lays out the procedures and timeline for receiving, reviewing and evaluating proposals. One noteworthy element of this process is a planned affordability review early in the proposal preparation stage to determine if the project can be completed within the affordability ceiling set by the sponsor. This requires candidates to submit an estimate of the anticipated net present value cost of the project along with a financing plan so that the sponsor can determine whether there are any affordability problems or concerns that need to be addressed.
(See Surrey_RFP.pdf)

- RFP Proposal Requirements
This piece lays out the requirements for submitting technical and financial information related to the RFP. The information requested is meant to demonstrate that the candidate has the capability to perform all of the responsibilities and obligations of the developer. The financial information includes project costs, the financing plan and the financial model.
(See Surrey_RFP_Proposal_Requirements.pdf)

VIII. LABOR AND EQUITY ISSUES

The state of Oregon is working closely with national and labor stakeholders to ensure that the development of any new performance-based approaches for building public infrastructure increases the importance, funding and visibility for funding project maintenance, and strengthens, not weakens, high road contracting standards. The Governor strongly supports public infrastructure and innovative partnerships with labor, and labor strongly supports improving quality in infrastructure projects. To that end, the State's innovative infrastructure team is currently reviewing and gathering best practices and model language. The documents in this section represent some of the model language and approaches gathered to date. Model equity language is currently in the works to be reviewed by the Governor-Treasurer Infrastructure Staff Work Group in the fall of 2013.

- AFL-CIO Pension Fund Investment Standards

The AFL-CIO has defined a set of standards which influence the nature of its investments in privately-owned and public infrastructure. Among other things, it encourages investment in infrastructure projects that utilize union labor and in the public arena requires that design, inspection, operation and maintenance continue to be performed by public agencies and public employees. It clearly opposes investments in public infrastructure that result in private control or operation of a public asset. It also states its preference for long-term fixed income investments with stable returns.

(See AFL-CIO_Infrastructure_Standards.pdf)

- *Boston Public Works Department LED In-house Memorandum of Understanding*

This Memorandum of Understanding between the City of Boston Public Works Department, the Street Lighting Unit and the Office of Budget Management reflects the agreement of all parties to an arrangement in which the Street Lighting Unit will install 1200 LED street lights in the City pursuant to a proposal submitted by the Street Lighting Unit to perform such work.

(See Boston_PWD_MOU.pdf)

- *Chicago - Cook County Project Labor Agreement*

This document was entered into between the owner of a planned natural gas project in Chicago and the general contractor regarding the required use of union labor on the construction site. It describes the responsibilities of all parties for implementing this agreement and the procedures for handling disputes which might arise during construction between any contractor or subcontractor engaged in the project and any labor organization whose members are working on the project.

(See Chicago_Labor_Agreement.pdf)

IX. OREGON WORKING DOCUMENTS AND BRIEFING PAPERS

This section contains a range of working documents and briefing papers that were developed for Oregon's Governor-Treasurer Integration Team.

- *Infrastructure Acceleration and Innovation Memo- May 2012*

This memo examines the financing tools in use for infrastructure projects in the State of Oregon at the time of the report and identifies prospects for engaging new sources of capital and new approaches to delivering infrastructure assets. In discussing the potential for attracting private capital to infrastructure, the author includes a helpful analogy that allows the reader to think of the development of infrastructure like any real estate development project; each with distinct phases that carry their own risk/rewards and can be financed and managed separately.

(See Oregon_Briefing_May_2012.pdf)

- *Oregon Partnership Slides – Governor's Infrastructure Briefing – 9/6/12*

This presentation presents a status report as of September 6, 2012, on the work of the Governor-Treasurer Infrastructure Staff Work Group with regards to creating greater capacity to deliver infrastructure assets in Oregon and also to advance the prospects for a regional infrastructure exchange.

(See Oregon_Briefing_September_2012.pdf)

- DAS Briefing on Infrastructure Cover Memo -2/27/13

This document presents a status report on the work of the Work Group as of February 27, 2013.

(See Oregon_Briefing_February_2013.pdf)

X. WEST COAST INFRASTRUCTURE EXCHANGE

California, Oregon, Washington, and British Columbia have joined forces to form the West Coast Infrastructure Exchange (WCX). This partnership is being launched to create and develop innovative new methods to finance and facilitate development of the infrastructure needed to improve the region's economic competitiveness, support jobs and families, and enhance a shared quality of life. It will rely on private sector expertise as it works to leverage public dollars and increase accountability in the delivery of infrastructure services.

- CH2M Hill Report

CH2M Hill provided strategic planning and advisory services in support of the formation of the WCX. In an excerpt from their report to WCX, they lay out the rationale for innovative approaches to financing infrastructure, describe the potential for attracting private capital to supplement traditional public financing sources, describe international models for alternative infrastructure delivery methods and describe how WCX hopes to take the lessons of these international models and apply them to U.S. practice and processes.

(See WCX_CH2M_Hill_Report.pdf)

- Meeting Agenda for Inaugural Convening

Stakeholders and State representatives from Oregon, California and Washington first came together on November 9, 2011 to discuss regional collaboration in infrastructure. The agenda for that meeting is included here.

(See WCX_Inaugural_Meeting_Agenda.pdf)

- West Coast Infrastructure Framing Slides from Inaugural Convening

This slide deck summarizes the November, 2011 meeting of officials from the States of Oregon, California and Washington; pension funds; and union representatives to begin a discussion regarding regional cooperation in identifying and addressing infrastructure needs.

(See WCX_Inaugural_PowerPoint.pdf)

- West Coast Infrastructure Exchange Framework Agreement

The States of Oregon, California and Washington and the Province of British Columbia, Canada entered into an agreement on November 14, 2012 in which they agreed to work in collaboration with one another to advance innovation and accelerate the delivery of infrastructure projects in the region. This agreement contains the framework for working together including the mission of WCX, how it will be governed, its funding source(s) and plan of action.

(See WCX_Framework_Agreement.pdf)

- “States Explore Private Equity” - Portland Business Journal

This article from the Portland Business Journal reports on the creation of the West Coast Infrastructure Exchange and its efforts to attract private capital to meet regional infrastructure needs.

(See Portland_Business_Journal_WCX_Article.pdf)

- Bend Bulletin Op-ed

An editorial published in the Bend (Oregon) Bulletin supporting the formation of the WCX and its efforts to look for new approaches to meeting infrastructure needs.

(See Bend_Bulletin_WCX_Op-Ed.pdf)