



Nebraska Department of Roads

Innovation Task Force

Meeting 1

November 18, 2015

WELCOME & OVERVIEW

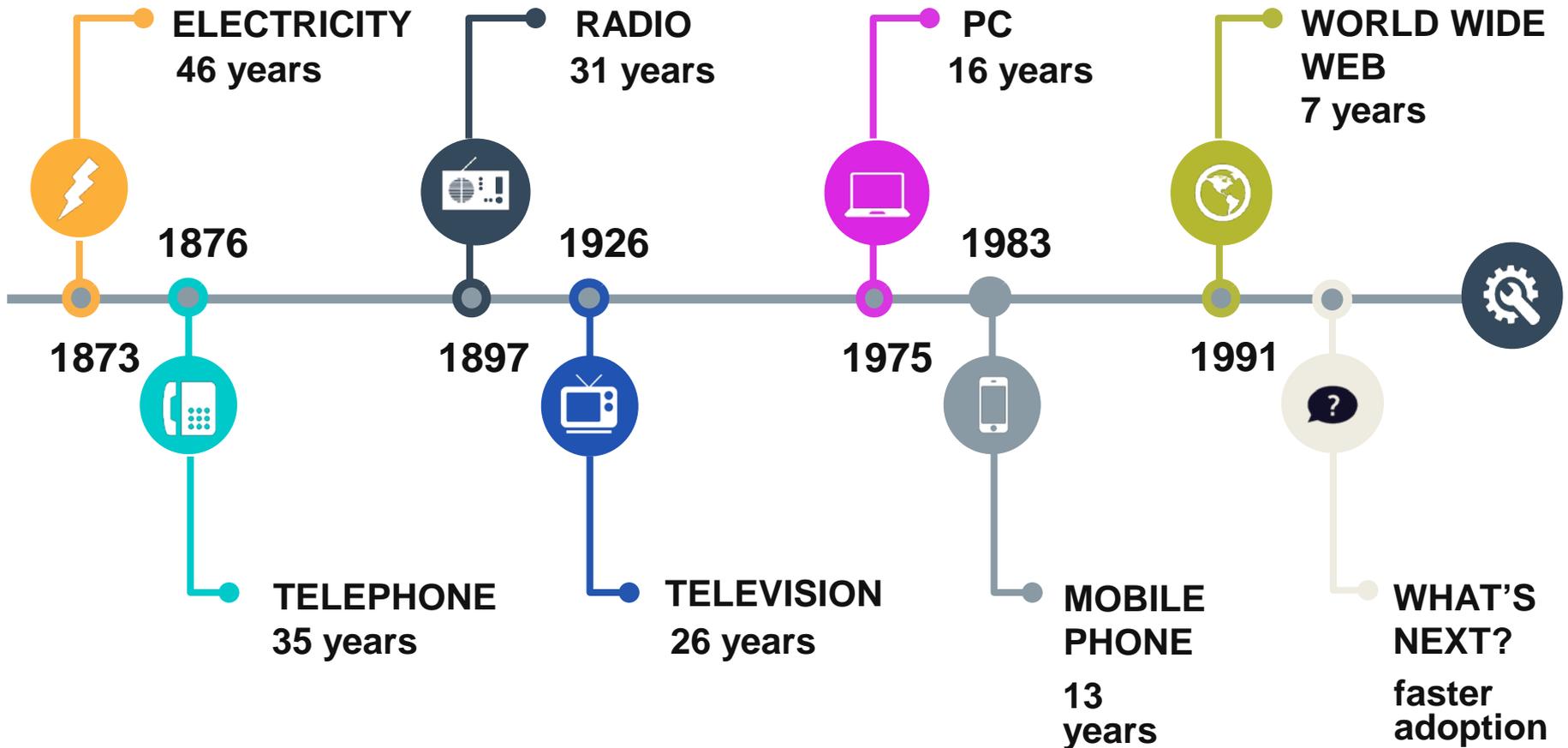


Task Force Charge

1. Explore ways to innovate and improve business practices at NDOR
2. Look at national trends to examine how transportation investments can help grow Nebraska

Accelerating Rate of Change

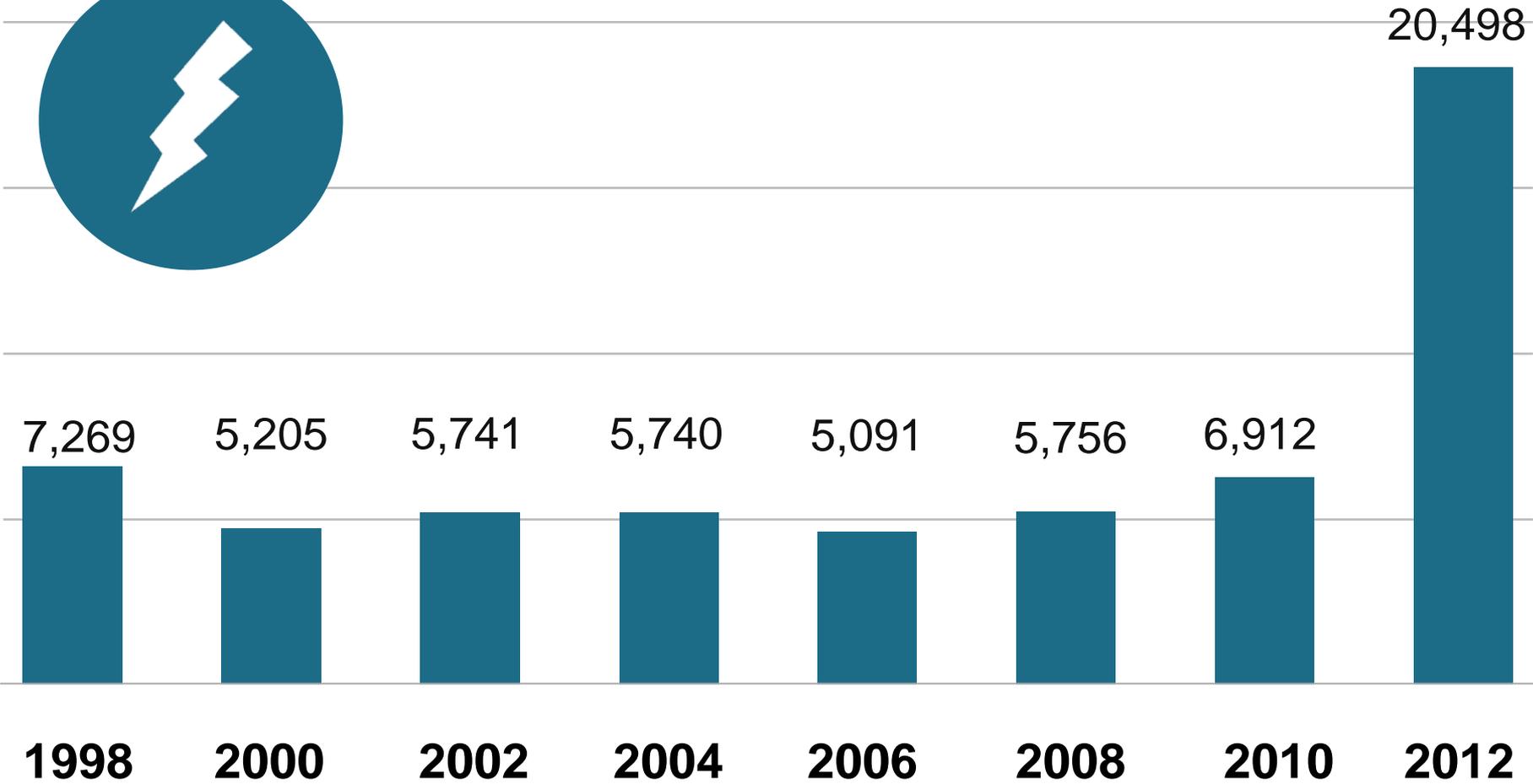
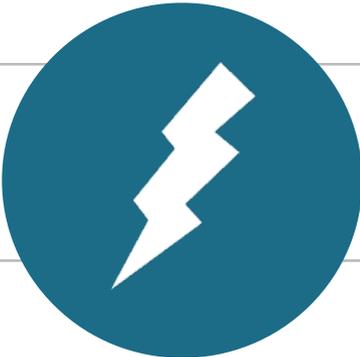
Years until technology was used by one-quarter of Americans





Alternative Fueling

U.S. alternative fueling stations



Selecting Today's Topics



Today's Topics

Project prioritization

Public Private Partnerships

Today is about education and discussion



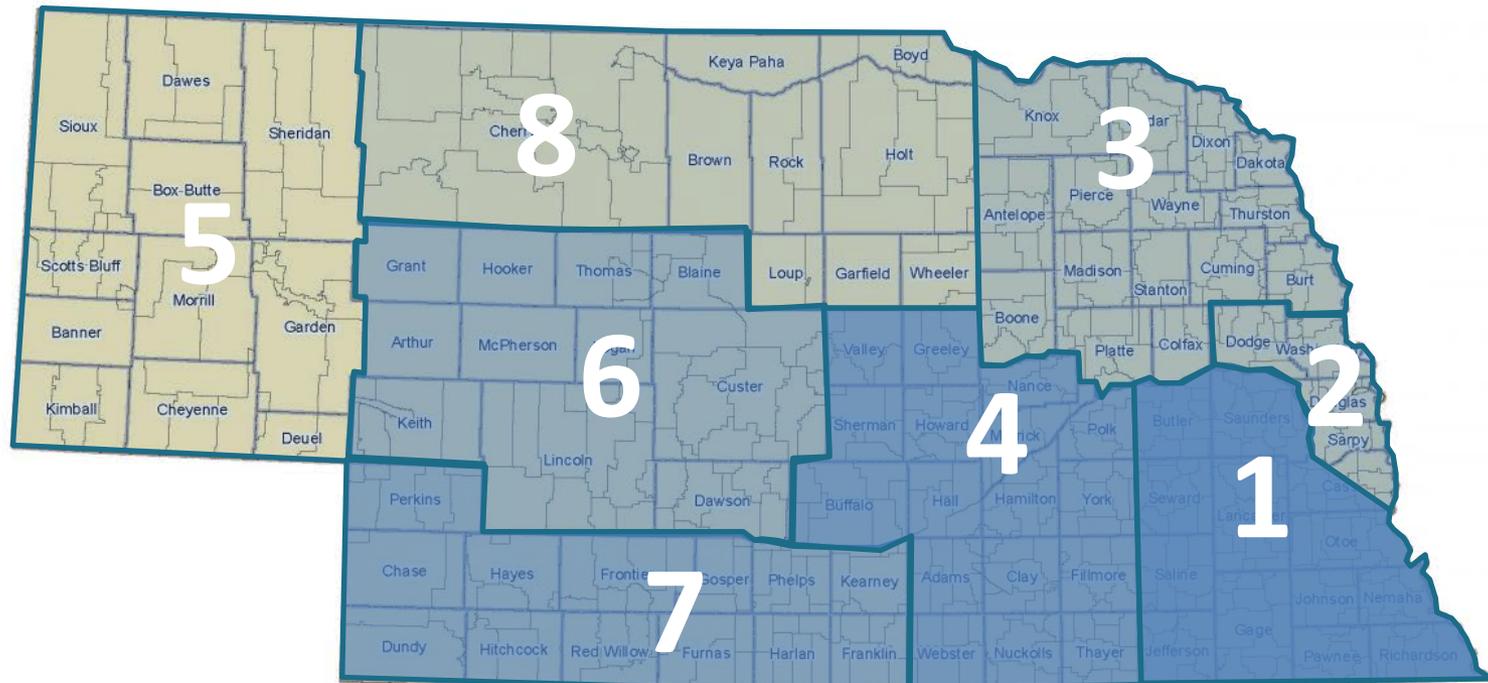
A little context



NDOR Mission

Provide the best possible statewide transportation system for the movement of people and goods

Listening Across Nebraska



8 District
Tours

50+ One-on-one meetings
with NDOR staff

200+ Meet and greets
with stakeholders

3 Executive
staff
workshops

**We have a strong
foundation**

**and, of course,
can achieve more**

Be entrepreneurial

**NDOR should seek to modernize
business practices**

to maximize transportation's value
to the Nebraska economy
by delivering projects and services
as quickly and efficiently as possible.

Be engaging

Transparency and stakeholder engagement should be increased

so that Nebraskans can more easily understand how their tax dollars are spent and easily participate in decisions that affect their ability to travel and deliver goods and services.

Be empowering

**Employees must be empowered
to make decisions**

at the lowest practical level

to increase efficiency and create

a strong culture of pride and urgency

Maintain the system





An aging county bridge system

Capital improvements for our economy





Deliver projects faster

Grow Nebraska



Back to Today's Topics

Project prioritization

Public Private Partnerships

One Final Request

Challenge us!

Project Prioritization & Facilitated Discussion



INNOVATION TASK FORCE

Project Prioritization



November 18, 2015



Prioritizing Transportation Investments

Prioritization processes are a fundamental business process, regardless of project type or funding source.

Asset Preservation Projects

- Resurfacing, repairing existing roads and bridges
- Bulk of NDOR's program
- **NDOR has a sound transportation system**
- Prioritized with an Asset Management System



Capital Improvement Projects



Interstate reconstruction with new interchanges



Railroad viaducts



Converting 2 lanes through town to a new 4 lane, high speed Expressway

The Build Nebraska Act

\$1.2 billion in revenue over 20 years

**Expansion and reconstruction of the
Expressway System and federally designated
high priority corridors**

**Construction of new highways and other high
priority projects**

Projects have been selected for first 10 years

Timing

\$600 million

2013-2023

16 BNA projects selected

\$600 million

2024-2033

Next 10 years of BNA projects

BNA passed

**Begin
prioritizing
next 10 years**

**Funding
available for
next 10 years**

2011

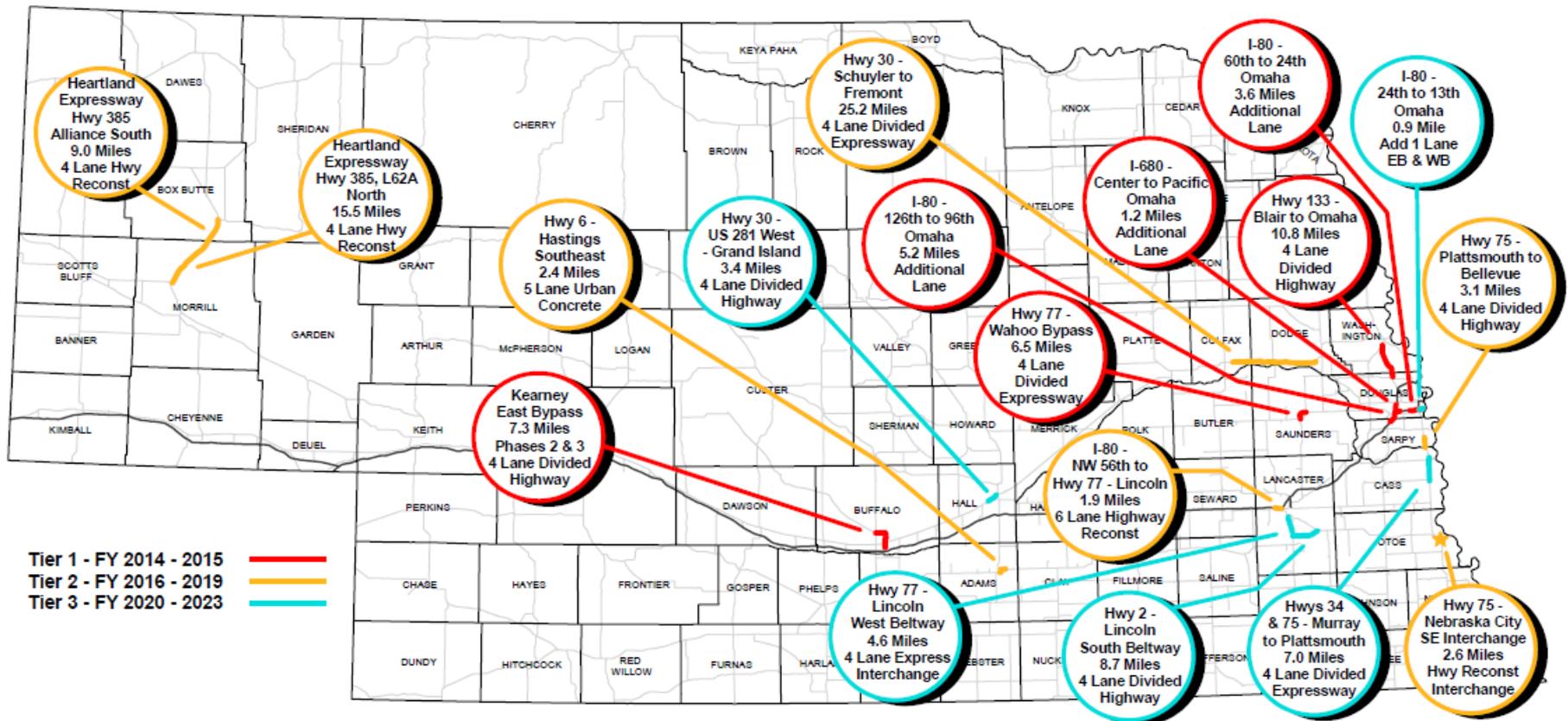
2015

2023

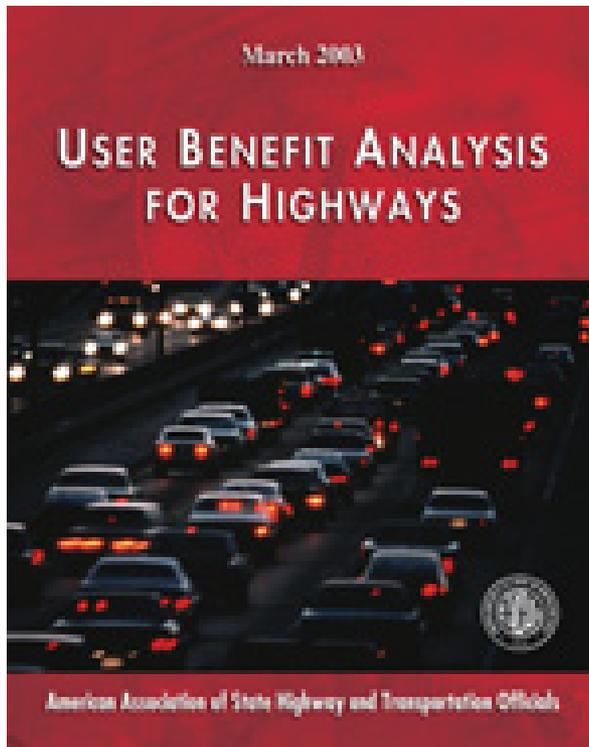
BNA Project Status Update

16 projects totaling \$600 million

4 complete • 4 under construction • 8 under development



Selecting the First 10 Years of Build Nebraska Act



Engineering Performance

Selecting the First 10 Years of Build Nebraska Act

Engineering Performance

- Traffic Volumes
 - Cars and Trucks
 - Congestion
- Types of improvements being made
- Travel time savings
- Safety
- Maintenance and operation costs

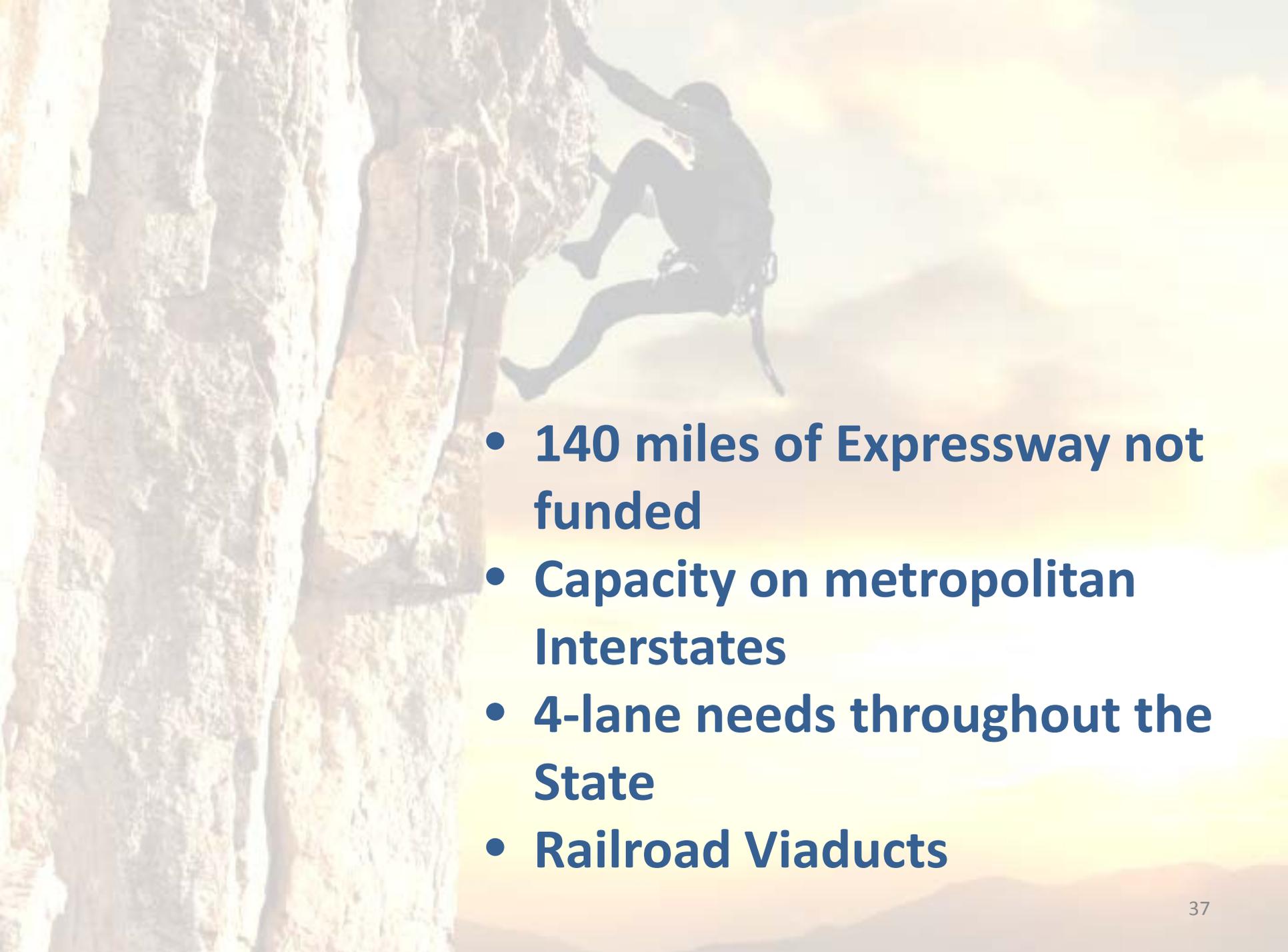
Selecting the First 10 Years of Build Nebraska Act

Other Selection Factors:

- Conform to Legislative intent
- Ready to build within 10 years
- Geographic distribution
- Complete corridors started but left unfinished



The \$600 million Challenge

- 
- A person is climbing a vertical rock face. The scene is set against a bright, hazy sunset or sunrise sky. The climber is silhouetted against the light, and the rock face shows distinct horizontal layers. The overall mood is one of challenge and achievement.
- **140 miles of Expressway not funded**
 - **Capacity on metropolitan Interstates**
 - **4-lane needs throughout the State**
 - **Railroad Viaducts**

Updating the Prioritization Process

Align with Governor's top priorities

Modernize the process

**Emphasize the value of transportation to
Nebraska's economy**

Stakeholders should have greater input

Transparent decision-making



Moving Forward

Project Prioritization

Engineering Performance

+ Economic Performance

+ More Stakeholder Input

ECONOMIC PERFORMANCE



Economic Performance

Glen Weisbrod

Economic Development Research Group, Inc.

Boston, MA | November 18, 2015

Topics

- Why Use Economic Factors?
- What Are Other States Doing?
- Recommended Factors for NDOR
- Implementation and Feasibility

Why Use Economic Factors

- Support Strategic Goals:
 - Grow State's Economy
 - Revitalize areas in need
- Show how economic outcomes are experienced in the wider economy
- Differentiate between seemingly similar projects



Example

• Project A:

- Costs \$3M
- Save \$5.3M in Travel Time
- 70% Pass Through Traffic
- 15% Trucks
- Serves mostly households & non-business locations

• Project B:

- Costs \$3M
- Save \$5.3M in Travel Time
- 30% Pass Through Traffic
- 30% Trucks
- Serves Major Industry Locations

Example

Despite the same engineering and performance benefits, Project B is a better investment for the economy.

• Project A:

- Benefit/Cost = 1.76
- 100 Jobs for 25 Years
- \$1.4M Business Sales
- \$600K Wage Income
- \$830M Gross State Product

• Project B:

- Benefit/Cost = 1.76
- 200-300 Jobs for 25 Years
- \$8.5M Business Sales
- \$2.2M Wage Income
- \$3.2B Gross State Product

What is a “Good” Economic Factor?

- Easy to Compute and Understand
- Consistent with wider policy goals
- Sensitive to transportation projects
- Captures Effects not Captured Elsewhere
- Recognizes different settings and roles of transportation elements.



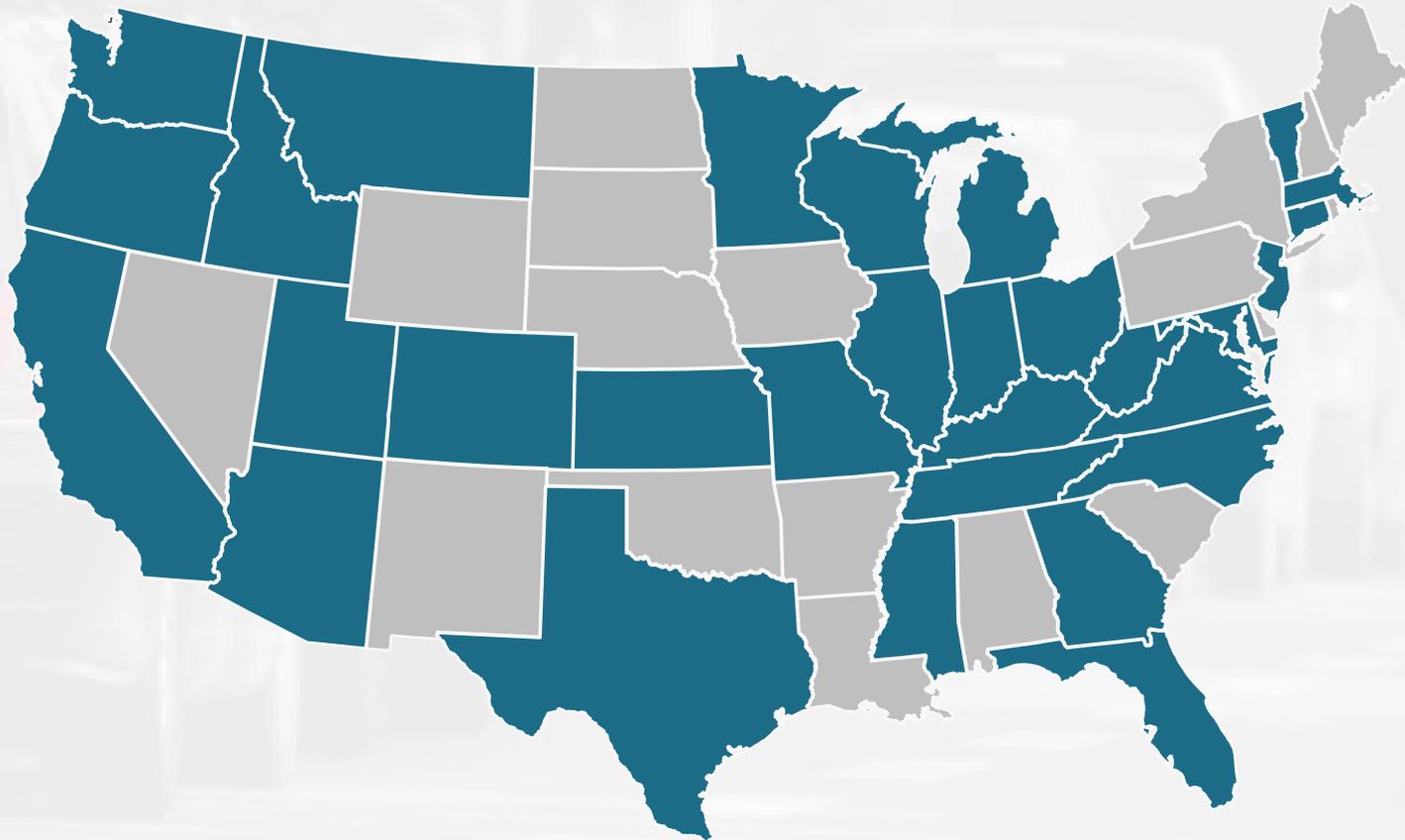
Commonly Used Factors

Scoring Factor	Definition
Jobs Created	Number of additional people employed permanently as a result of the investment.
Wage Income	All money earned by people working as a result of the project (cumulative over time)
“Value-Added” (Or Gross State Product)	State’s net increase in overall business activity resulting in the state as a result of the project.

Other Commonly Used Factors

Scoring Factor	Definition
Economic Distress	% of population or business served that are below certain poverty or income thresholds.
Target Industry Impact	Jobs, Business Sales or GSP created in targeted industry groups.
Leverages Local Public Investment	Value of local investment supporting streets, water, sewer, and other supportive investments for the project area
Leverages Private Sector Investment	Value of business investment flowing into the state because of the project
Locally Derived Score from Economic Development Community	Points determined by local stakeholders based on subjective factors.

Who is Using Economic Impact Factors?



Considerations for NDOR

- **Practicality:** Preferable to use factors that can be computed from information currently available to NDOR and do not burden local communities.
- **Breadth:** Preferable to use factors that do not isolate or target particular industries or areas, but widely reflect overall economic effects.
- **Sensitivity:** Preferable to use factors that are likely to show meaningful differences projects; and that are not captured elsewhere.
- **Acceptance:** Preferable to use factors that are widely accepted and not “experimental” in nature.

Recommendations for NDOR

- **Assign “Economic Points” based on overall statewide economic impact.**
- **Gross State Product Created/\$ Spent:** *Rewards projects that carry high-value and serve highly productive industries.*
- **Permanent Nebraska Jobs Created/\$ Spent:** *Shows how Build Nebraska Act helps employ workers (beyond just construction).*
- **Business Growth in Distressed Areas:** *Shows how Build Nebraska Act not only spends money in distressed areas, but contributes to their economic recovery.*

Key Considerations

- **Utilize Engineering Performance Data Already Used in Prioritization:** Travel time, distance, speed, volumes, truck traffic.
- **Utilize Economic Impact Model:** *Mainstream model that has information about industry composition, dynamics and transportation dependence,*
- **Review economic impact reports and assign points based on economic factors:** *Interpret results from economic model in different contexts (i.e. urban/rural areas) to show how project characteristics are reflected by anticipated economic outcomes.*
- **Review results internally and externally:** *Ensure factors and their application are consistent with agency and local knowledge.*



Questions?

UPDATED PRIORITIZATION PROCESS



Moving Forward

Project Prioritization

Engineering Performance

+ Economic Performance

+ More Stakeholder Input

Economic Performance

Challenge: Grow Nebraska

Increase jobs and income, support areas that are distressed

**Practical approach that fits
Nebraska's goals**

Reasonable first steps

Economic Performance

Job and income growth

Growth in Gross State Product

**Value of job and income growth in
economically distressed regions**

Other Considerations

Project Categorization

Geographic Inclusion

Corridor Completion

Supplemental Funding

Environmental Benefits

Public Support

Moving Forward

Project Prioritization

Engineering Performance

+ Economic Performance

+ More Stakeholder Input

More Stakeholder Input



Live & Virtual Public Participation

Live Public Participation

Statewide Public Meetings

Round 1: January

Round 2: Spring

Statewide Press Conferences

Summer

Virtual Public Participation

Official Nebraska Government Website

Can't find what you are looking for? Click here to switch to the old website.

NDOR
Nebraska Department of Transportation

HOME TRAVEL BUSINESS CENTER PROJECTS NEWS & MEDIA SAFETY ABOUT CONTACT US

BUILD NEBRASKA ACT SELECTION CRITERIA

Home / Projects / Build Nebraska Act / Build Nebraska Act Selection Criteria

How are Build Nebraska Act Projects selected?

Build Nebraska Act
Build Nebraska Act Projects
Build Nebraska Act Selection Criteria

Find out by attending one of our four regional meetings. We will present the new criteria being used to select projects for the next round of Build Nebraska Act funding.

Can't attend a meeting?
Find all of the information here. Start by watching the presentation below.

BUILD NEBRASKA ACT SELECTION CRITERIA PRESENTATION

VIEW PRESENTATION

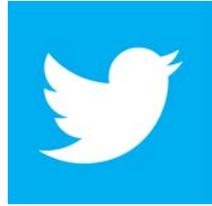
Public Meeting Logistics

Project Information

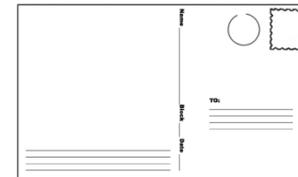
Interactive Map

Recorded Presentations

Public Comment Form



Invitations for Public Participation



A scenic landscape featuring a paved road with yellow double lines leading into the distance. The road is flanked by green hills under a bright blue sky with scattered white clouds. The sun is low on the horizon to the right, creating a lens flare effect. The overall mood is bright and hopeful.

**Today we plan for
the future**

**“Thus, the task is not so much to see what
no one yet has seen, but to think what
nobody yet has thought about that which
everybody sees.”**

- Arthur Schopenhauer



ACCELERATING PROJECT DELIVERY / P3



Nebraska Department of Roads Innovation Task Force

Public-Private Partnerships – National Experience & Lessons Learned



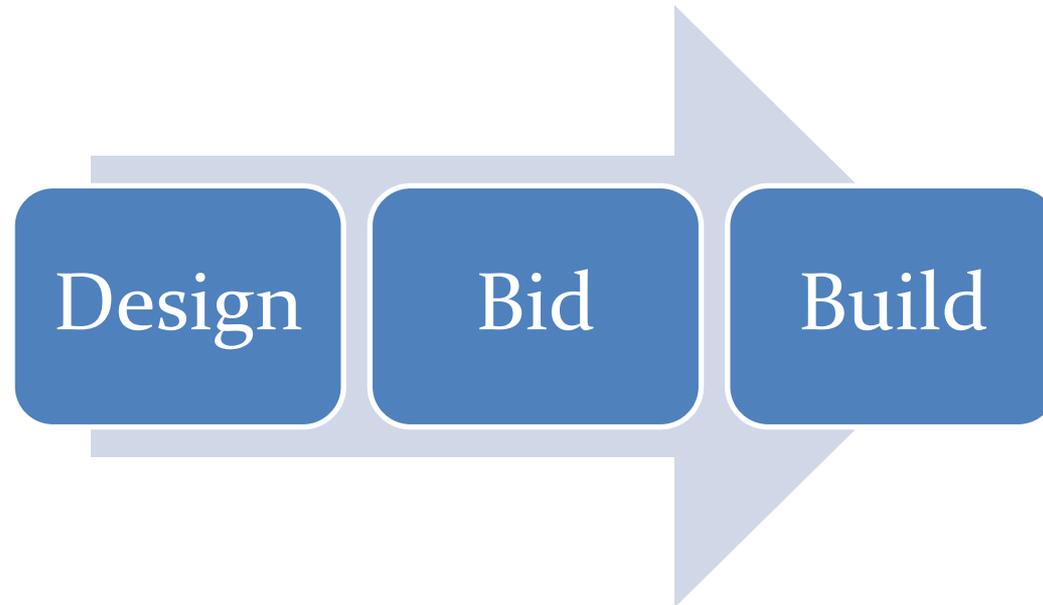
November 18, 2015

Presentation Overview

- What is a Public Private Partnership (P3)?
- How Does it Vary from NDOR Experience?
- Range of Partnerships in Transportation
- Examples & Lessons Learned
- Why Consider in Nebraska?

NDOR Approach to Date

- Like most states, NDOR relies upon conventional design-bid-build (DBB) approaches
- NDOR maintains control and majority of risk



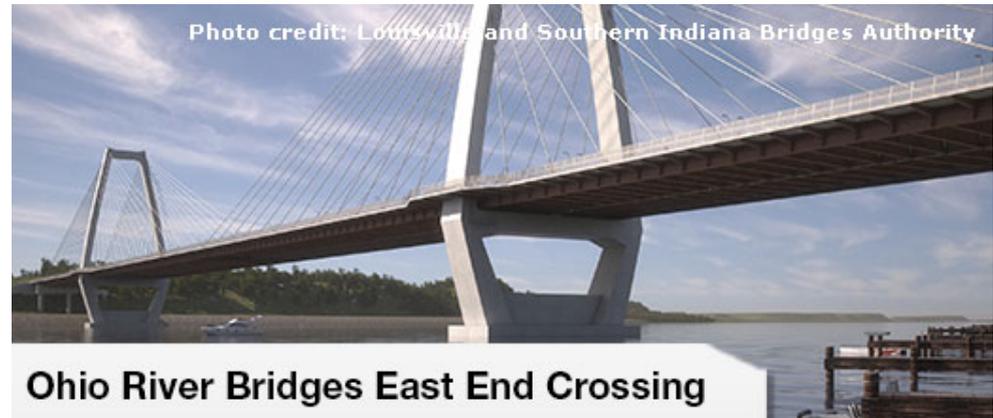
What is a Public-Private Partnership (P3)?

- Definitions vary
- Common components:
 - Contract for shared action
 - Increased private sector role
 - Sharing of
 - Risk
 - Responsibility
 - Reward
 - Continued public sector control
 - Sometimes, private sector financing



Mega Project Focus

- Headline grabbing
- New construction
- Big \$
- Often design build + maintenance, operation, and/or finance



But, Many Non-Mega Partnerships

- Not as highly publicized
- Not what typically comes to mind when hear 'P3'
- Often result from problem solving with limited resources
- Every \$ counts
- But, also not always about the \$:
 - Customer service
 - Quality
 - Efficiency



P3s in Transportation Wide Ranging

Maintenance

Comprehensive
Outsourced
Maintenance
Programs w/Risk
Sharing

System Operations

Complementary
Transportation
Real Time
Information
Charging Stations
Privately-
operated Rest
Stops
Toll Facilities

Infrastructure Development

Design Build (DB)
Design Build
Finance (DBF)
Design Build
Oper Maintain
(DBOM)
DBFO
DBFOM...

Shared Resource

Advertising
Naming Rights
Sponsorships
Vending /
Concessions
ROW Leases
Value Capture
Joint
Development
Air Rights

Examples:

CTA (Chicago, IL) Bus Shelter Concession



- 20 year bus shelter and street furniture contract
- No cost to City/CTA
- Partner designed, installed, maintains, and manages ad space on 2,200+ shelters
- CTA guaranteed \$200M+ in ad revenue
- Prior CTA bus shelters did not have ad space



DART (Dallas, TX) Partnership with Uber



- Book Uber using DART's mobile ticketing app
- One stop shopping
- Facilitates solving "first mile-last mile" problem
- Tech integration limited; link opens Uber app
- Others following suit
 - MARTA has similar collaboration
 - Los Angeles and Minneapolis cover Uber trips as part of 'guaranteed ride home' programs

MTA (New York, NY)

Wireless Service Underground



- Voice & data service underground
- Partner pays 100% of project costs including MTA support staff
- MTA and partner split 50/50 carrier occupancy and sub-license fee revenue
- Partner pays MTA \$3.3M/year (min.) at full build



**Wi-Fi
HERE**

Check your wireless device, you can now connect!

SSID:
FreeWiFibyHTCONE



P3s in Infrastructure Development

Maintenance

Advertising
Signage
Naming Rights
Sponsorships
Vending & Concessions
Right of Way Leases
Value Capture

System Operations

Complementary Transportation
Real Time Information
Charging Stations
Privately-operated Rest Stops
Toll Facilities

Infrastructure Development

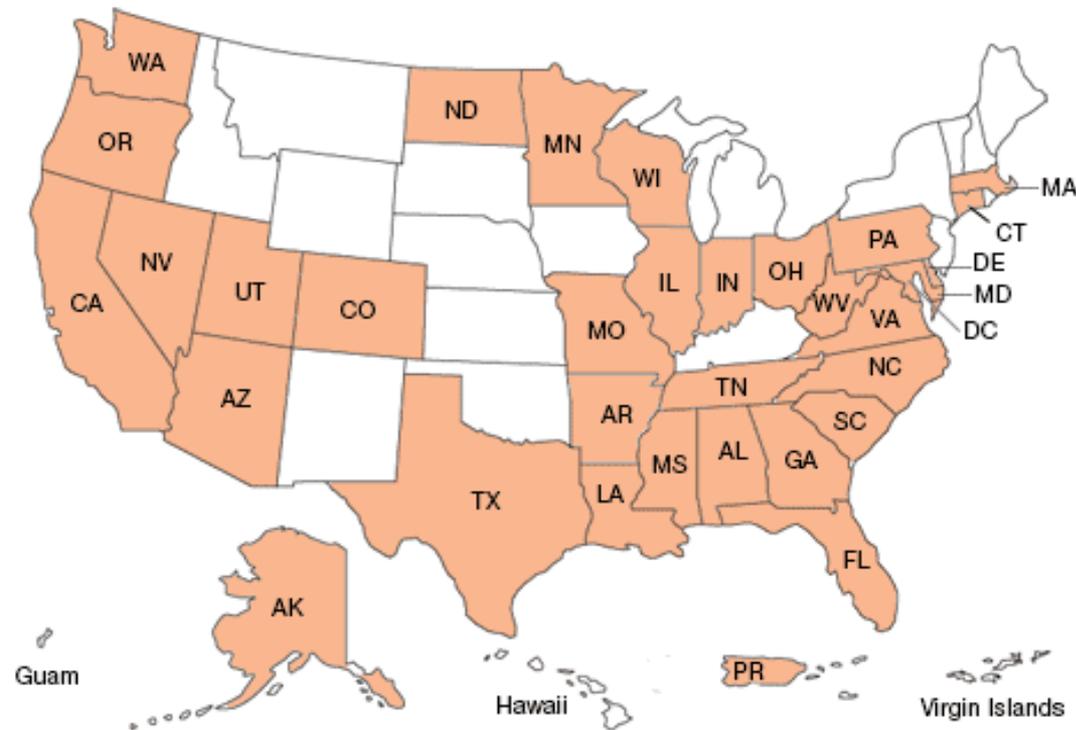
Design Build (DB)
Design Build Finance (DBF)
Design Build Oper Maintain (DBOM)
DBFO
DBFOM...

Shared Resource

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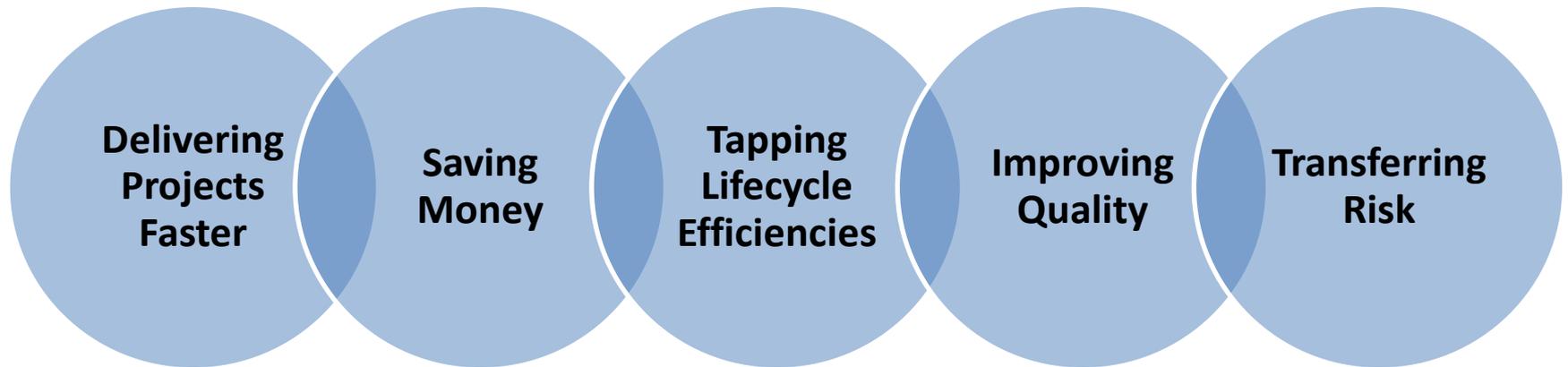
National Experience

- 33 states, Puerto Rico, & District of Columbia have specific P3 legislative authority
- Others have some capabilities without explicit authority

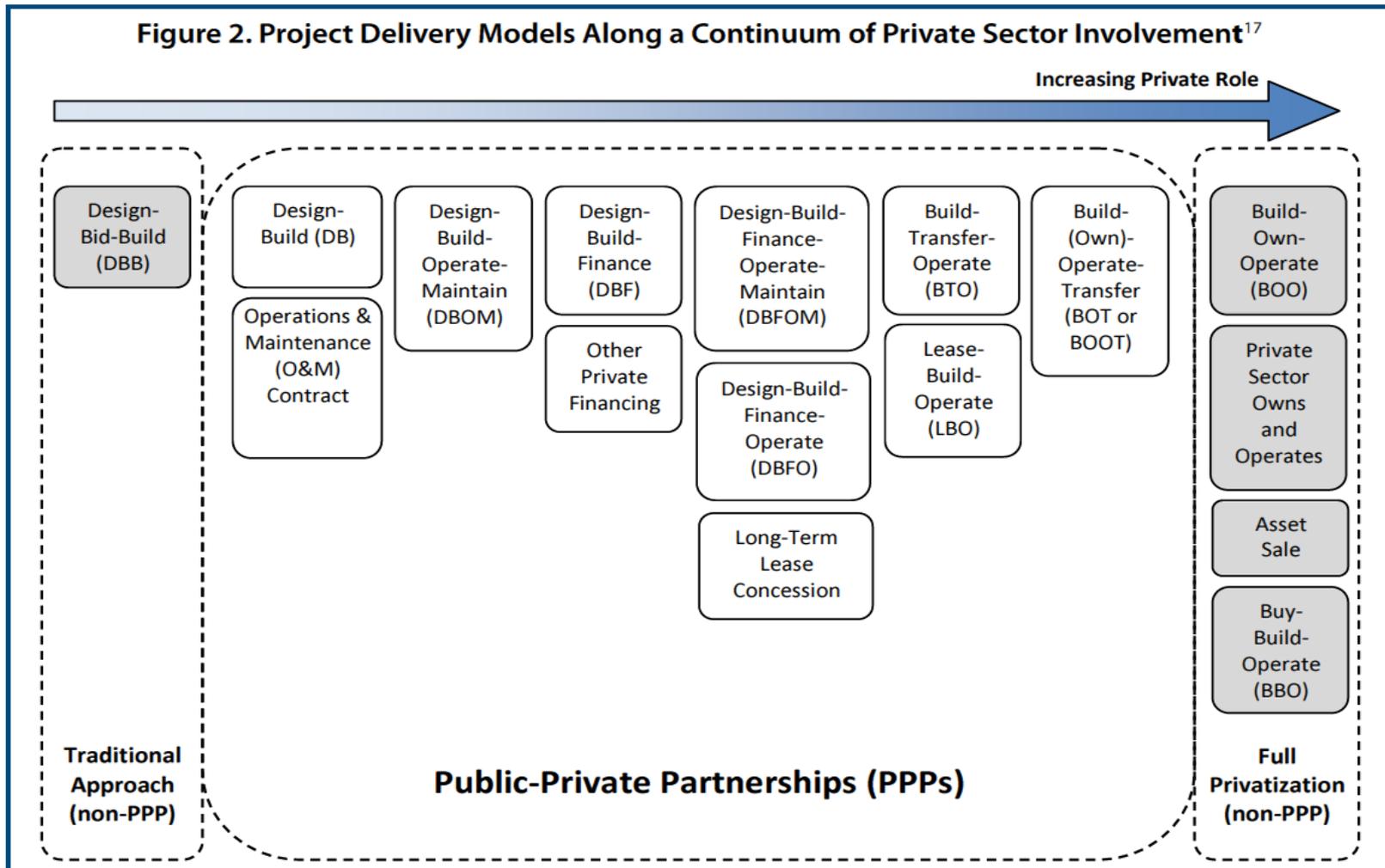


Source: FHWA Office of Innovative Program Delivery

Why Do Others Pursue Infrastructure Development P3s?



Continuum of Approaches



Source: National Conference of State Legislators P3 Toolkit

Lessons Learned

- Niche tool
- Not designed to replace core funding
- Keys to success
 - Dedicate necessary resources (time, expertise, \$)
 - Look for win-win for public and private parties
 - Benefits > Costs
 - Opportunities > Risks
 - Value to starting small

Why Consider in Nebraska?

- Targeted opportunities



Thank You. Questions?



Tamar Henkin
High Street Consulting Group
www.highstreetconsulting.com

THE COLORADO EXPERIENCE



Innovative Financing and Delivery in Colorado

Innovation Task Force Meeting I

Presented by:

Scott Richrath, Spy Pond Partners
(Former Chief Financial Off. Colorado DOT)
Lincoln, Nebraska
November 18, 2015



Innovative Financing and Delivery in Colorado

Agenda

- Legislation in Colorado
- US 36 managed lanes
- I-70 East corridor/viaduct



Legislation in Colorado

- **1992 Taxpayer Bill of Rights (TABOR)**
 - No tax raises without a vote
 - No bonding without a vote
 - Enterprises can bond without a vote

- **2009 FASTER* Legislation**
 - High Performance Transportation Enterprise (Tolling)
 - Colorado Bridge Enterprise

US 36 Managed Lanes

- \$500 million project Denver to Boulder
 - Improve the condition of the highway
 - Replace bridges that are in poor condition
 - Provide congestion relief
 - Expand mode of travel options
 - Increase efficiency of transit service



US 36 Managed Lanes

- Transfer some risks to Concessionaire
 - Design
 - Construction (cost and schedule overruns)
 - Environmental factors that were not permitted through CDOT or HPTE
 - Geotechnical (e.g. soil below the highway surface)
 - Operations and maintenance
 - Snow/ice removal: general purpose & managed lanes
 - Facility condition at end of term (50 years)

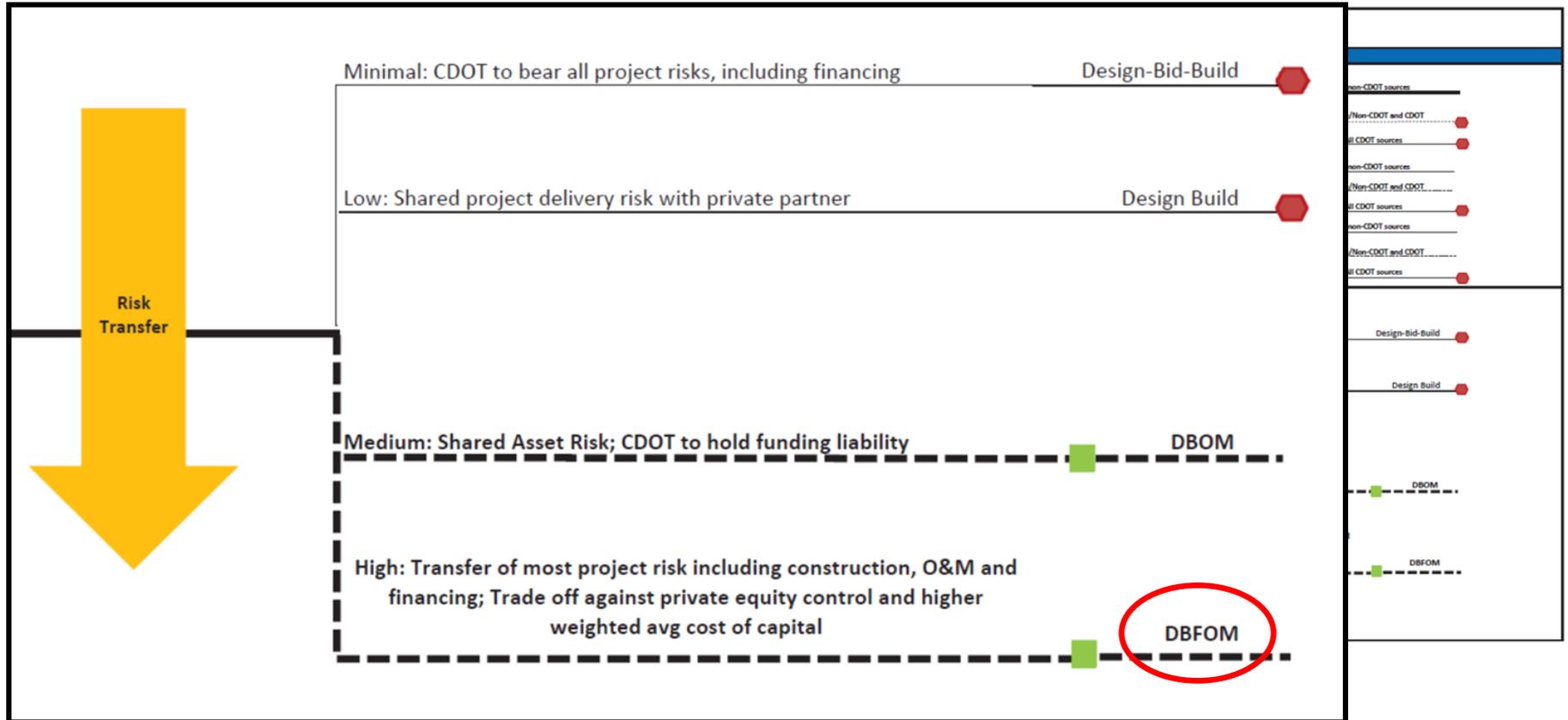
I-70 Viaduct

- \$1.2 Billion project I-25 to Denver Int'l Airport
 - Colorado Bridge Enterprise: Replace biggest poor bridge of FASTER's 128 original poor bridges
 - HPTE: Toll revenue on managed lanes

	Identify Infrastructure Need	Propose Solution	Project Design	Project Financing	Construction	Operations/Maintenance	Ownership
Design/Build			✓		✓		
DB Operate Maintain			✓		✓	✓	
DB Finance OM			✓	✓	✓	✓	

I-70 Viaduct

- 13 months from Value for Money to DBFOM decision
 - Design Build Finance Operate Maintain



Discussion



WRAP UP & THANK YOU

<http://roads.nebraska.gov/innovation-task-force>





Nebraska Department of Roads

Innovation Task Force