



**CALIFORNIA DEPARTMENT OF TRANSPORTATION,
WASHINGTON DEPARTMENT OF TRANSPORTATION,
AND
OREGON DEPARTMENT OF TRANSPORTATION
MEMORANDUM OF UNDERSTANDING**

ALTERNATIVE FUELS CORRIDOR PROJECT

This MEMORANDUM OF UNDERSTANDING is entered into this 11th day of September 2008 among the California Department of Transportation (“Caltrans”), the Washington State Department of Transportation (“WSDOT”), and the Oregon Department of Transportation (“ODOT”), collectively the “DOTs” of California, Oregon, and Washington (the “States”). This MOU is not a legally binding agreement; rather, the MOU expresses the parties’ overall objectives, elements and guiding principles for the Project (hereinafter defined). The parties will endeavor to articulate their intentions and desires into a fully integrated, legally binding agreement that may include the terms and conditions expressed herein and which may include other material matters not expressed herein.

PURPOSE

- Technology exists or is being developed for motor fuels that are alternatives to gasoline and diesel (“Alternative Fuels”), including but not limited to Electricity, Ethanol, Biodiesel, Methanol, Hydrogen, Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG), and Liquefied Petroleum Gas (LPG).
- The use of Alternative Fuels can benefit the environment and economies of the States by mitigating the transportation system’s contribution to green house gasses and developing a new “green collar” market/industry.
- Alternative Fuels may fail to achieve widespread use unless the States energize their distribution. The States can play a critical role in the development of a viable Alternative Fuels market by making them available along a major West Coast economic and trade corridor.
- The Federal Highway Administration (FHWA) designated Interstate 5, which runs through the States from Canada to Mexico, as a Corridor of the Future.
- The Corridor of the Future application included a section on the development of an Alternative Fuels Corridor as an Interstate Initiative (see Appendix A) (the “Project”).
- The Project aims to foster the use of Alternative Fuel vehicles by developing the distribution network for Alternative Fuels throughout I-5.
- By developing highway right-of-way, redeveloping existing infrastructure in or near the I-5 right of way, or entering into innovative partnerships with existing businesses seeking to enter the Alternative Fuels market or expand their current Alternative Fuels offering, the Project will contribute to the sustainability of transportation in the States.
- The DOTs have formed a Project Team to manage the Project on behalf of each of the DOTs.

- The following provisions outline how this Project Team will interact and manage the Project.

The DOTs intend to do the following in the future:

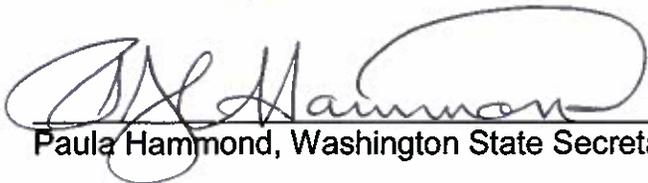
1. **DECISION MAKING.** The Project Team will strive toward building consensus among the DOTs. The Project Team will consist of senior leadership and Project directors from each of the DOTs. Senior leadership will consist of: ODOT's Manager, Office of Innovative Partnerships and Alternative Funding, Caltrans's Chief, Office of Innovative Finance, Division of Budgets, and WSDOT's Director, Office of Public/Private Partnerships. The DOTs intend that these individuals will provide Project oversight, resolve issues and provide guidance to the Project directors, and that the Project directors will be responsible for Project implementation. During the course of the Project, these senior leaders intend to also interact with key stakeholders, including but not limited to FHWA.
2. **COMMUNICATION.** Communication regarding the Project will be open, regular, and inclusive. The Project Team intends to provide regular updates and include input throughout the Project.
3. **PROJECT DELIVERY.** The DOTs are committed to implementing this Project on an expedited basis as compared to more traditional approaches to Project delivery.
4. **PLANNING PHASE WORK ACTIVITIES.**
The purpose of this planning phase is to advance the Project by securing joint counsel, seeking waiver of certain federal regulations via a joint Special Experimental Project 15 submission to FHWA ("SEP-15"), and planning the procurement and development for the Project. The joint work activities are summarized below:
 - Retain legal counsel, including an agreement on cost sharing
 - Analyze Federal and State administrative and statutory requirements and procedures
 - Prepare and prosecute a SEP-15 FHWA waiver
 - Seek State and federal law changes if necessary
 - Share each DOT's conceptual financial analysis for development of highway rights of way for the purpose of Alternative Fuels distribution
 - Prepare Request for Information (RFI) to obtain industry input to better define scope of the Project, or a Request for Proposals (RFP) to study the factors necessary to develop a viable Alternative Fuels distribution corridor along I-5.
5. **PROCUREMENT AND DEVELOPMENT PHASE WORK ACTIVITIES.**
Based on the results of the planning phase, the DOTs may elect to pursue procurement and development of the Project separately or jointly. In the event two or more of the DOTs elect to proceed with procurement and/or development jointly, the work activities that are intended for such joint development are summarized below:
 - Prepare Interstate Agreement to govern the duties and obligations of the states acting jointly
 - Enter into Early Development Agreement with FHWA

- Prepare RFP to solicit developers, existing businesses, or other interested parties for the Project
 - Retain consultants to evaluate the Project
 - Negotiate contracts for the Project
6. **FUNDING PLAN.** The Project Team intends to coordinate funding strategies for the Project. In the absence of other agreement by the DOTs, costs are to be born equally by the DOTs for activities contemplated by this MOU.
7. **NONBINDING.** This MOU is only a statement of the parties' mutual intentions and does not cover all matters upon which the parties must reach agreement in order to formalize the Project. This MOU does not create a contract or other binding obligations with respect to the Project and is intended only as an expression of the parties' mutual desire to proceed expeditiously to evaluate the Project in accordance with the objectives set forth in the MOU. As of the date the last party signs this MOU, the parties understand and acknowledge that nothing stated orally or in writing by any party in relation to this Project may be construed as a legally binding agreement regarding the Project. The parties further understand and acknowledge that it would be imprudent and unreasonable to rely upon the expectation of entering into legally binding agreements regarding the Project. The parties further understand and acknowledge that any action taken by any party, consistent with, or in furtherance of the Project, prior to execution of legally binding interstate or intergovernmental agreements shall not be considered evidence of intent by the party to be bound thereby. It is mutually understood and acknowledged that unless and until a definitive transaction agreement between the parties has been executed and delivered, any party may (a) discontinue consideration of, or participation in, the Project at any time; (b) reject any and all proposals made to it with regard to the Project; (c) revoke any and all proposals made by it with regard to the Project; and (d) terminate discussions and negotiations at any time and for any reason.

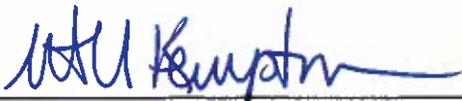
The undersigned hereby acknowledge and accept the provisions as set forth in this MEMORANDUM OF UNDERSTANDING.



Matthew L. Garrett, Director, Oregon Department of Transportation



Paula Hammond, Washington State Secretary of Transportation



Will Kempton, Director, California Department of Transportation