



# **Oases Working Group**

**Report to the Board of Directors**

***Review of Activities***

**Director Tom Weisner, Chair**

**February 2011**

# OASES WORKING GROUP

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## **Letter from Oases Working Group Chair**

*Madame Chair and fellow Members of the Board:*

*More than half a century has unfolded since the five original Tollway Oases opened. Once resting in underdeveloped or rural settings, “oasis” was almost a literal term when it came to Tollway users finding food, fuel or restrooms.*

*At that time, the number of Tollway interchanges was limited, as was the development near them. Fuel stations and restaurants were likely to be in the nearest town, well down the road from the interchange, and convenience stores didn't yet exist. For most people traveling down the Tollway, especially the large Baby Boomer families that dominated the era – the Oases were necessary, convenient and, often, fun.*

*A half century later, the picture has changed dramatically. Today, much of the Tollway runs along well-populated areas (this is partly a function of the Tollway's mere presence), the number of four-way interchanges has increased significantly and they are typically surrounded by multiple fuel stations-cum-convenience stores, not to mention an overabundance of fast-food franchises. Traffic on the Tollway system has increased by a factor of more than 20, although the average trip has gotten shorter, and there are certainly fewer children in back seats these days crying for food or restrooms.*

*Once an absolute and singular necessity for many, our Tollway Oases are now simply a convenience – a convenience with considerable nearby competition. Nonetheless, they will remain a service to Tollway users for the foreseeable future.*

*This report describes some of the steps the Tollway has taken with our Tollway Oases to address changes in the business and travel environment. Per our mission statement, it reviews various processes engaged in by the Tollway in the recent past, such as the involvement of the private sector in overall Oases management and operation.*

*More critically, perhaps, it raises important considerations for the future of our Tollway Oases. Some of our recommendations come with the benefit of 20/20 hindsight; some are an informed attempt to see into the future. In Tollway parlance, it could be said that we are still at an early milepost in the journey toward the oasis of the future.*

*Once the Tollway's two, long-term, private partners are clearly established (and progress was made during the past 18 months), it is critical that the three parties work collaboratively to survey current and prospective Oases customers, including the trucking industry, and then identify a long-term approach to satisfying their needs.*

*Just as importantly, we must collaboratively consider possible changes in current Oases lease arrangements. Our private partners will be most concerned with their profitability, because only reasonable profits will sustain their operations. We, the Tollway, must be primarily concerned with the continuity of convenient, quality customer services for Tollway users.*

*Fashioning a future for Tollway Oases that meets both of these objectives will guarantee Tollway customers a true amenity on which they can depend and of which we can be proud.*

*Respectfully,*



*Tom Weisner  
Chairman, Oases Working Group*

# INTRODUCTION

## A. Mission Statement

In November 2009, Chair Wolff appointed the Oases Working Group to ensure that the Illinois Tollway is operating its Oases in an efficient and effective manner and that Tollway users are being treated fairly and equitably. The mission of this Working Group comprised the following responsibilities:

- Review all available information regarding the Tollway's decision and the process for entering into a design-build and operating lease regarding the Tollway Oases.
- Evaluate the RFP process and selection of Wilton and ExxonMobil.
- Examine Tollway oversight of the Oases Lease with Wilton Partners and ExxonMobil and the current status and next steps related to the Lease with Wilton Partners and iStar.
- Assess ExxonMobil's plan to assign its leasehold interest in Oases fuel stations.
- Foster public discussion regarding long-term Tollway stewardship of the Oases Leases and properties.

This Working Group met as necessary and reported to the full Board with respect to its deliberations on at least a quarterly basis.

## B. Working Group Membership and Meetings

Chair Wolff appointed Director Tom Weisner to chair the Oases Working Group (Group), along with Directors Tom Canham and Jim Roolf. Director Roolf later recused himself from the group to avoid the appearance of a conflict of interest. The Group was staffed by Greg Stukel, Ed Flores, Robert Lane, Joelle McGinnis, Michael Pustelnic, Leslie Savickas and Andrew Boron.

The Group held three public meetings, all of which were advertised and open to the public, on the following dates:

- November 24, 2009
- February 25, 2010
- July 7, 2010

The following pages describe the Group's process of discovery and analysis over the last 16 months, the conclusions drawn and recommendations for possible future action.

## EXECUTIVE SUMMARY

The decision in the 1990's to move control and maintenance of Tollway Oases to the private sector through a public-private partnership (PPP) was both prescient and financially responsible. By developing these PPP's, the Tollway has been able to focus more time, energy and money on its core service: the provision of expeditious vehicular and freight travel in Northern Illinois. Capital cost savings, alone, to the Tollway on the recent privately financed improvements of oases facilities amounted to nearly \$100 million.

Subsequent to Wilton Partners selection and signing, under Governor George Ryan's administration to operate Tollway Oases, Wilton did sponsor a fundraising event benefitting Ryan's successor, Rod Blagojevich. Although this later caused public speculation that Wilton's selection had political overtones, no evidence of wrongdoing in the selection process was found.

The larger problem that emerged with the Tollway's relationship with Wilton was its eventual insolvency and failure to repay either its Oases capital improvement loan to iStar Financial or its pavilion rent to the Tollway. iStar ultimately foreclosed upon Wilton and took over Wilton's lease of the Oases. iStar also made good on the \$2 million in rent and other payments owed to the Tollway by Wilton. Throughout the course of Wilton's troubles, the Tollway made sure that service to Tollway users was not significantly impacted.

With the assistance of a financial consulting firm, the Group reviewed ExxonMobil's 2009 request to assign its Oases fuel station and convenience store leases to a Chicago area firm, finding the firm not sufficiently qualified. ExxonMobil desisted. In May 2010, ExxonMobil indicated its intent to assign its Oases lease to 7-Eleven, Inc., and a review by the Group and the same financial consulting firm found 7-Eleven to be financially and operationally qualified to assume the fuel station/convenience store lease. The assignment of this lease to 7-Eleven is expected to be finalized soon. Thorough analysis of recent candidates for lease assignments was critical to Tollway decision-making and the Tollway should employ skilled financial consultants to review any future lease assignment attempts.

The Group also met with trucking industry representatives. The trucking industry is the largest single source of revenue to the Illinois Tollway. Industry officials indicated that truckers use Tollway Oases less for long-term stops (mandatory rest stops after 12 hours of driving) than for short-term staging while awaiting final deliveries. As such, contemplated Advanced Truck-stop Electrification with in-cab heat and other services may not be a viable consideration. On the other hand, there may be a demand for one or more simple "rest-stop" like facilities along the Tollway at locations other than the current Oases for longer-term stops.

Although the volume of traffic on the Tollway system is once again on the rise, post-Congestion-Relief Program, the continuing decline in the average trip distance, the surplus of fuel and food stops near every interchange and even the improved fuel mileage of 21<sup>st</sup> century vehicles make it likely that a smaller percentage of the larger number of Tollway travelers will use Tollway Oases in the future. In other words, Oases traffic will grow at a much slower rate than overall Tollway traffic.

Given today's market and the typical layout of Oases facilities, convenience stores at fuel stations are outperforming pavilion operations. Moreover, pavilion facilities contain more than the optimal square footage. These factors create two issues for Tollway consideration:

1. The need to maintain future lease terms that allow for the success and continuity of Oases pavilions, including top quality tenants.
2. The possibility of identifying potential non-traditional tenants for Oases pavilions.

Capital improvements to Oases parking lots, ramps and other infrastructure, costing up to \$35 million, will be required in the near future. Under the current lease, this is largely the responsibility of iStar. Both this issue and the long-term profitability of Oases pavilions must be considered in future discussions with iStar or its successor.

When the Tollway allowed the bifurcation of the original master lease, which meant splitting responsibilities and revenue opportunities between the pavilion operator (Wilton) and the fuel station/convenience store operator (ExxonMobil), it created a dynamic of internal competition. If the opportunity presents itself, the Tollway should restructure arrangements so that it has a single master partner overseeing both pavilion and fuel station / convenience store operations.

## **Oases Design-Build and Operating Lease Decision – Private-Public Partnerships**

### Background:

The Tollway has operated oases facilities (Oases) or motorist rest areas since the opening of the Tollway in 1959. At that time, the Tollway was located in a rural environment with little off-line access to fuel and food service. Therefore, the Tollway constructed the Oases and leased the facilities to nationally known vendors, including Standard Oil Company (which sublet to Fred Harvey/Howard Johnson's), McDonald's, Wendy's and ExxonMobil to provide convenient food and fuel services for Tollway users. The Belvidere, Des Plaines, O'Hare, Hinsdale and Lake Forest facilities were constructed as part of the original Tollway system. As the system expanded, two Oases were added – the Chicago Southland Lincoln Oasis in 1968 and the DeKalb Oasis in 1974.

Initially, the Tollway had primary responsibility for facility, lawn and parking lot maintenance of the Oases. During the 1980's, with new lease agreements, the Tollway shifted some of those responsibilities to its lessees, including building facility maintenance (except roof) and parking lot trash clean-up. The Tollway was still responsible for snow plowing, as well as parking lot and lawn maintenance.

In the early 1990's, the 30-year-old pavilions at the Oases were in need of repair and/or reconstruction and the existing operating agreements with McDonald's, Wendy's and ExxonMobil were expiring. For those reasons, in 1993, the Tollway hired consultants to work with Tollway finance and engineering professionals to devise an Oases Redevelopment Program. This program was developed based on findings from three studies: a facility assessment study, a strategic planning study and an Oases location study. Additionally, this team conducted customer surveys, engaged the public and municipalities surrounding the Oases in discussion, met with user groups such as trucking organizations and met regularly with Tollway executive management and the Tollway Board of Directors (Board).

The primary objectives of the Oases Redevelopment Program were to: (1) continue providing fuel and food services to its customers, (2) transfer full operating and maintenance responsibilities from the Tollway to the lessee, and (3) minimize the Tollway's capital investment for the redevelopment.

In an effort to minimize the investment of Tollway funds and to bring in operational experts, the Board approved what may have been one of the first private-public partnerships of its type. As part of this effort, in 1999 Illinois State Representative Jeff Schoenberg spearheaded legislation allowing the Tollway to extend/enter into 25-year lease agreements. Previously, the maximum lease term allowed was for 10 years. Extending the lease term to 25 years made the lease agreements more attractive to private entities. The resulting privatization of the Oases required a private entity to make the capital investment necessary for the improvements in exchange for the opportunity to earn a profit from the operation and management of the facilities.

### Findings:

Despite financial problems that ultimately arose in the Tollway's private-public partnership with Wilton, those problems were generally transparent to Oases customers. The Tollway accomplished its goals of shifting substantial capital improvement costs and operational responsibilities to the private sector, saving the Tollway approximately \$100 million. Tollway users have benefited from clean, modern Oases facilities.

Since the Tollway first embarked on a private-public partnership, other toll road authorities have followed our lead, arguably improving on our model. (These improvements will be discussed later in this report).

## **Evaluation of the RFP and Selection Process**

### Background:

Prior to issuing the Request for Proposals (RFP) for the Oases leases, the Oases Redevelopment Team solicited feedback from potential bidders at a public forum to gauge their interest and incorporate their feedback into the process. Based on its past experiences with Oases maintenance and operation, the Board and Tollway executive management determined that it did not possess the requisite expertise in real estate development and restaurant

management to operate the Oases. As a result, before and after the issuance of the RFP, the agency attempted to maintain an ongoing flexible approach to the oases redevelopment process, which included feedback from bidders on the RFP specifications. For example, the Tollway withdrew its original Oases design prototype included in the RFP allowing potential bidders, the presumed experts, to incorporate their own ideas. As a result, the final building design was considerably different from the one originally contemplated. For comparison, the original Oases design prototype developed by the Tollway's consultants consisted of a rebuilt pavilion facility that would have accommodated full mainline widening (four lanes plus full shoulders for the Tri-State Tollway Oases), one main tenant, one or two smaller vendors and updated restroom facilities. The architectural style was in the prairie-style of the Midwest.

After the RFP was issued and proposals were opened, the RFP evaluation committee narrowed its choices to two main competitors - Wilton Partners and Tollway Oasis Partners (TOPS) because, unlike proposals from other bidders, these included commitments to redevelop facilities at all of the existing Oases buildings. Other proposals included only redevelopment for certain Oases. For example, McDonald's submitted a proposal to redevelop the Des Plaines Oasis only. The Tollway ultimately selected Wilton Partners because its proposal included: (1) numerous nationally known vendors, including ExxonMobil and (2) both a fixed rent payment and a percentage of profits. The TOPS proposal did not include profit sharing with the Tollway and did not include committed vendors.

Findings:

With the assistance of the Oases Redevelopment consultants, at the direction of the Tollway's Finance Department and leadership from members of the Tollway Board, the Oases selection process was transparent, fair and consistent with the procurement rules in effect at the time<sup>1</sup>.

The above described Oases redevelopment process occurred over the better part of a decade. The underlying Leases were finally signed in April 2002 during the administration of Governor George Ryan. In January 2003, Governor Rod Blagojevich took office. While it was widely reported that a Wilton Partners principal hosted at least one fundraiser for Governor Blagojevich, and with the understanding that the Oases redevelopment project has been scrutinized by various law enforcement agencies, there have been no criminal proceedings to date arising from the vendor selection process.

## **OVERSIGHT OF THE OASES LEASES WITH WILTON PARTNERS AND EXXONMOBIL**

Background:

Wilton Partners' winning proposal included ExxonMobil as the fuel station/convenience store operator. Shortly after being selected as the successful proposer, Wilton Partners requested a separate lease from ExxonMobil due to concerns about potential environmental contamination issues. The Tollway granted Wilton's request for separate leases. To address the overlapping issues with the two leases, including, but not limited to, product sales restrictions, maintenance and environmental issues, Wilton and ExxonMobil negotiated an operation and maintenance agreement. Despite the Tollway having been added as a signatory, this agreement is legally between ExxonMobil and Wilton.

In January 2007, Wilton stopped making required payments to the Tollway for the Oases. By February 2008, when the back rent grew to \$1.4 million, Wilton and the Tollway entered into settlement negotiations. However, in July 2008, the proposed settlement was rejected by Illinois Attorney General Lisa Madigan. In the proposed settlement, the Tollway would have foregone the \$1.4 million in back rent in exchange for Wilton dropping a claim of \$4.7 million for lost business due to Tollway construction. In spring 2009, Wilton Partners' lender, iStar Financial, foreclosed on Wilton's capital improvement loan and took over the lease.

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<sup>1</sup> The Procurement Code "Code" became effective July 1, 1998, after the oases procurement process had been initiated. Despite the fact the Code did not technically apply to this project, to the extent practically possible, the Tollway followed the rules and spirit of the Code.

Currently, SFI Chicago Tollway LLC (SFI), a subsidiary of iStar Financial, formerly the Wilton Partners' capital improvement loan holder, owns the pavilion lease. SFI has contracted with US Equities to manage the properties.

With respect to the fuel service lease, ExxonMobil has recently requested to assign its lease to 7-Eleven, Inc. The Tollway granted conditional approval of the request in late 2010, and is coordinating with ExxonMobil to finalize the assignment.

Findings:

With respect to the ExxonMobil lease, the Tollway's oversight was conducted professionally and consistent with the terms of the lease and the rules and regulations.

Similarly, the Tollway's oversight of the Oases pavilions has been conducted in a professional manner. However, it can be surmised that Wilton Partners' financial difficulties that ultimately led to foreclosure made the Tollway's oversight more challenging. It appears that the financial strength or weakness of the pavilion lessee will have a direct impact on the oversight of the lease and the overall success of the project.

The Group has determined that allowing separate leases may not have been the best for the Tollway, or for pavilion operators, in particular. A single lease may have prevented cannibalization of pavilion sales by the fuel station convenience stores and eliminated concern about the fairness of the assignment of the maintenance responsibilities originally agreed to by Wilton and ExxonMobil. Finally, if the entire Oases operations were subject to a single lease, it likely would have allowed for more equitable financing and less Tollway management responsibilities.

Absent a change in the business model, such as adding electronic billboards to generate additional revenue, or renegotiating the terms of the lease, such as reducing the required hours of operation, the pavilions may remain financially challenged for the remainder of the lease term.

## **EXXONMOBIL'S ASSIGNMENT OF ITS LEASEHOLD INTEREST**

Background:

In May 2009, ExxonMobil announced that it intended to exit the retail business to focus its efforts on fuel production and wholesale sales. As a result, it is divesting itself of all of its convenience stores and retail outlets, including the facilities located on the Oases. In December 2009, ExxonMobil proposed assigning its lease to Combined Oil, one of its local fuel distributors. However, after doing its due diligence, the Tollway did not believe the proposed assignee possessed the capital or the operational skills appropriate for operation of the Oases. Therefore, the Tollway declined to approve the assignment.

In May 2010, ExxonMobil proposed assigning its Tollway leasehold interest to 7-Eleven, Inc. In this case, the Tollway's due diligence indicated that 7-Eleven is financially and operationally capable of successfully assuming the ExxonMobil lease. In December 2010, the Tollway conditionally approved the assignment.

The Tollway utilized the services of an outside consultant, McGovern & Greene, to evaluate the financial condition of both Combined Oil and 7-Eleven and their respective ability to operate the Oases facilities. In making its recommendations to reject Combined Oil and to preliminarily approve 7-Eleven, McGovern & Greene and the Group took into account the following considerations:

1. Ability to operate the facilities.
2. Method and ability to finance the transaction.
3. Method and ability to handle non-routine environmental and operational issues.
4. The lessee's management capability to handle ongoing Tollway Oases operations.

The Tollway has approved this assignment because ExxonMobil addressed and satisfied the above considerations. Specifically, the Tollway's consultant and the Group concluded the following:

1. 7-Eleven has extensive experience in franchising and operating service stations and convenience stores.
2. 7-Eleven has a strong balance sheet and is a financially strong company with a sizeable parent company (Seven & I Holdings Co. Ltd).
3. 7-Eleven will take responsibility for fuel stations, convenience stores and car washes, and its partners will include ExxonMobil for fuel at all seven (7) Tollway fuel stations.

Findings and Recommendations:

The Tollway applied appropriate processes and criteria that allowed it to properly evaluate lease assignment candidates. The exercise was beneficial because it allowed the Tollway to objectively determine if the assignee possessed the necessary capital, operational experience and capacity to adhere to and satisfy the original objectives of the Oases Redevelopment Program. Therefore, the Group recommends that the process in which an outside consultant with expertise in these matters continue to be used to assist the Tollway in its review and approval process.

## **FOSTERING PUBLIC DISCUSSION OF LONG-TERM OASES STEWARDSHIP**

Background:

In an effort to invite public comment, the Group conducted three public hearings/meetings. At its public meetings, the Group discussed the issues addressed in the above report in some detail. Members of the Group also met separately with representatives from the trucking industry. While the meetings were available on the Tollway Web site, public attendance at the meetings was low and meetings were not attended by elected officials or their respective representatives.

Findings & Recommendations:

Once the two new lessees are in place, the Tollway should partner with them to implement appropriate methods, such as on-site, mailed and online customer survey; meetings with the trucking industry; surveys of truckers; analysis of Oases traffic and usage trends, etc. This should aid the three parties in identifying the proper mix of Oases services, as well as consideration of potential lease modifications to be negotiated.

The Group recommends that the Tollway reach out to current and potential Oases customers in effort to gauge what offerings they might like to see the Oases offer in terms of food and service. This can be achieved by conducting periodic surveys. The survey results could be used to define business trends and pertinent Oases issues, similar to the Customer Service Survey conducted by the Communications and Marketing Department in 2010. That survey included several questions related to the Oases and provided insight on customer's concerns and preferences related to the Oases. The Group also recommends that the Lessees conduct their own Customer Service Survey and would consider such a task to be a part of their business operation.

## **CONCLUSION**

The original goals of the Oases Redevelopment Program, listed below, are still applicable today:

1. Provide an expected or needed service to the Tollway customers (fuel, food and clean restrooms)
2. Transfer the costs and responsibilities for Oases operations and maintenance to private operators with experience in real estate development and retail management, and
3. Minimize the Tollway's capital investment in the Oases.

The Tollway accomplished those goals by pioneering private-public partnership at the Oases. This was a first step, and we believe it was a good first step for this project. Other states/agencies have learned from the

Tollway's experiences and modified our formula. For instance, other states/agencies have varied on how much control and oversight the public entity was willing to shift to the developer. Some states have retained more control over the physical plant. While the Tollway has little responsibility for the maintenance of the Oases parking lots, as a result of a less-than-anticipated income stream, the condition of the Oases parking lots has declined. In retrospect, it may have made sense for the Tollway to sacrifice some of the anticipated rents and retain more responsibility for the facilities.

In addition, due to the Group's role in the assignment request by ExxonMobil combined with the Tollway's experience in the oversight of pavilion and fuel service leases during the first eight years of the lease term, the following conclusions have been reached:

1. Operation of the facilities. Despite the fact they are operated by private entities, the public views the oases facilities as a Tollway operation. Therefore, how the lessee operates them is a direct reflection on the Tollway.
2. Method and ability to finance the transaction. As we have learned from the Wilton Partners partnership, an entity's financial condition is important in meeting the Tollway's objectives.
3. The Oases operator must have the knowledge and ability to handle non-routine environmental and operational issues.
4. The lessee must possess a management capability to handle ongoing operations.

Moving forward, the Group recommends that the Tollway continue to work with the current lessees and potential assignees. Because the Oases situation has been in flux in terms of both the pavilion and the fuel station/convenience store lessees, it is difficult to chart the future of Oases operations, as this will be the function of a future three-way partnership that includes the Tollway and the two new Oases lessees. Once those lessees are in place, the Tollway should work closely with them and with Tollway customers to identify the mix of ongoing responsibilities and implement arrangements that optimize services for Tollway customers at minimal expense to the Tollway.

## **ATTACHMENTS**

**PUBLIC NOTICE**

**The Illinois State Toll Highway Authority**

**Schedule of Sub-Committee Meeting**

**February 25, 2010**

Public Notice is hereby given of the schedule for a Sub-Committee Meeting to be held on February 25, 2010.

**OASES WORKING GROUP**

FEBRUARY, 2010 - 1:00 p.m.  
Boardroom  
Administration Building

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**TO: Director Jim Roolf  
Director Tom Canham**

**FROM: Sub-Committee Chair Tom Weisner**

**DATE: February 16, 2010**

**RE: OASES WORKING GROUP MEETING**

This is to advise you that there will be an Oases Working Group Meeting on **Thursday, February 25, 2010, at 1:00 p.m.** This meeting will be held in the Boardroom of the Administration Building.

If you are unable to attend, please advise Marlene at Ext. 2349.

cc: Chair Paula Wolff  
Director Jim Banks  
Director Bill Morris  
Director Carl Towns  
Director Maria Saldana  
Director George Pradel  
Acting Executive Director Mike King  
Department Chiefs

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**OASES WORKING GROUP**

***AGENDA***

**February 25, 2010 - 1:00 p.m.**

1. Call to Order
2. Roll Call
3. Opening Remarks
4. Review and Discussion of Staff responses to questions from November 24, 2009 hearing.
5. History of Oases
6. Update on Current Oases Issues
7. Discussion of Agenda for next Working Group meeting.
8. Adjournment

# Illinois Tollway Oasis Working Group



## Oases Redevelopment Program History

Greg Stukel

February 25, 2010



## Oases Redevelopment Program

- Existing operating agreements with Marriott, McDonald's, Wendy's and ExxonMobil were expiring
- Oases Redevelopment Program was initiated by Finance & Administration Department
  - Finance contracted with Warcaba & Assoc. to be Project Director
  - Engineering contracted with Knight E/A, Inc.
    - Coordinated with Wight & Co. under environmental contract with Legal Dept.



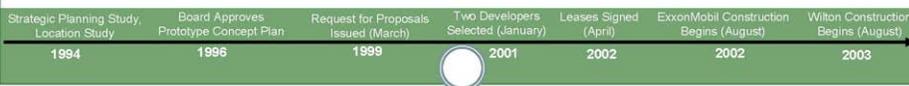
## Oases Redevelopment Program - 1993

- Oases Redevelopment Program Begins
- Facility Assessment
- Strategic Planning Study
- Nature and extent of improvements required to renew leases
- Findings identified significant modernization needs
- Recommendation to reconstruct 5 existing oases and renovate DeKalb Oasis and DesPlaines Oasis



## Oases Redevelopment Program - 1994

- Oases Location Study March-December 1994
  - Confirmed the existing oases should remain
  - Identified need to study the viability of 4 new oases
  - Identified need to investigate a dedicated truck oasis



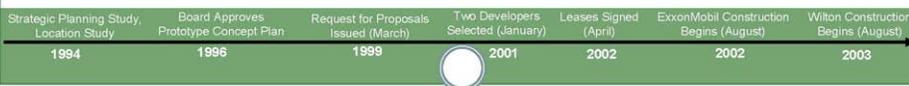
## Oases Redevelopment Program - 1995

- Begin preparation of prototype concept design plans and specifications for over-the-road oases
- Seven different concepts prepared for prototype design at the over-the-road locations
- Vetted through stakeholder review process
  - ✦ Tollway Board
  - ✦ Local Municipalities
  - ✦ Open to public comment period at Tollway
- Requested letters of interest for leasing opportunities at the Oases



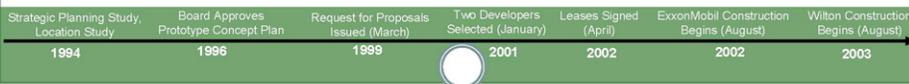
## Oases Redevelopment Program - 1996

- Concept selected and approved by Tollway Board
- Focus Group study to obtain public interests and input
- Focus Group findings presented to Board in August
  - Improvements were good “as long as they didn’t have to pay for them.”
  - Mini marts and rest rooms next to the fuel station.
  - Variety of restaurants.
  - Large, clean bathrooms.



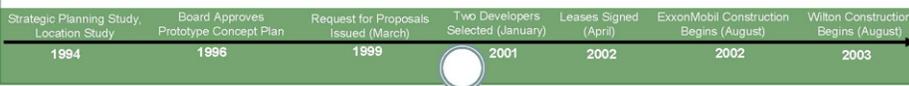
## Oases Redevelopment Program - 1997

- Capital improvement cost concerns
- Public-Private Partnership, considered including any and all alternates brought by private sector
- Uncertainty arises about the Legislation changes required to allow extended lease term
  - ✦ State Contracts restricted to maximum of 10 years in duration
  - ✦ Private sector requesting long term leases - 40 to 50 years
  - ✦ Legislature adopted special language to allow 25 year lease for Oases
- Community Forums held in December



## Oases Redevelopment Program - 1998

- New Oases locations investigated
  - ✦ Jane Addams Memorial Tollway (I-90) at Beverly Road interchange
  - ✦ Tri-State Tollway (I-294) at 22nd Street
  - ✦ One-sided Oasis at Belvidere with Co-Development opportunities
  - ✦ Tri-State Tollway (I-294) at Ridgeland Avenue (Truck Plaza)
- Coordination with LUST Program Initiated with Legal Department in July 1998
- Solicited input from the private sector
  - ✦ Led by Finance Department (Warcaba & Assoc.)
  - ✦ Supported by Engineering
  - ✦ Validated interest was there to develop under triple net lease



## Oases Redevelopment Program - 1998

- Decided to enter three-step process to select a developer
  - ✦ Pre-qualify potential development teams
  - ✦ Request proposals from pre-qualified teams
  - ✦ Negotiate with the highest qualified proposer
- Pre-Submission Meeting with all interested parties October 1998
- Request for Qualifications issued November 1998



## Oases Redevelopment Program - 1999

- Qualifications received from 12 teams
- Qualifications evaluated and additional information requested
- Pre-qualified teams notified in March 1999
- Finalized investigation into new oases locations
- Prepared Lease Agreement and Request for Proposal
- October 1999 notified pre-qualified teams



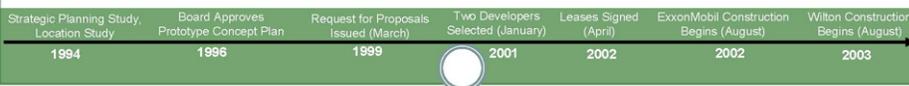
## Oases Redevelopment Program - 2000

- Sent Request for Proposal to Pre-Qualified Teams, March 2000
- Received seven proposals
- Proposals reviewed for conformance
  - ✦ Finance reviewed lease terms, operational, financial
  - ✦ Engineering reviewed concepts, technical
- Shortlisted proposals to selection committee
- Oral Presentations and requests for information
- Wilton Partners/ExxonMobil Team recommended



## Oases Redevelopment Program - 2001-2002

- Wilton/ExxonMobil Team selected to enter into Lease negotiations
  - ✦ Wilton Partners requests separate lease from ExxonMobil
  - ✦ ExxonMobil lease for 13 fueling facilities including On-the-Run convenience stores
  - ✦ Wilton Partners lease for 5 new Oases, rehab at DesPlaines & DeKalb
- Architectural/Engineering plans prepared and reviewed
- Final Leases signed April 2002



## ExxonMobil Construction

2002-2006

- ExxonMobil begins construction 2002
  - ✦ DesPlaines August to November 2002
  - ✦ Belvidere July to December 2002
  - ✦ O'Hare June to October 2003
  - ✦ Hinsdale June to October 2003
  - ✦ Lake Forest June to October 2003
  - ✦ DeKalb June to November 2004
  - ✦ Lincoln September 2003 to May 2004



## Wilton Construction

2003-2006

- Wilton scheduled to perform all construction between May 2003 and December 2004
- Wilton begins construction June 2003
  - ✦ Belvidere June 2003 to April 2004
  - ✦ O'Hare June 2003 to April 2004
  - ✦ DesPlaines October 2004 to September 2005\*
  - ✦ Hinsdale April 2004 to February 2005
  - ✦ Lake Forest April 2004 to February 2005
  - ✦ DeKalb June 2004 to August 2005
  - ✦ Lincoln March 2005 to February 2006

\* Rehab changed to reconstruction





**THANK YOU**

**PUBLIC NOTICE**

**The Illinois State Toll Highway Authority**

**Schedule of Sub-Committee Meeting**

**July 7, 2010**

Public Notice is hereby given of the schedule for a Sub-Committee Meeting to be held on July 7, 2010.

**OASES WORKING GROUP**

July 7, 2010 - 9:00 a.m.  
Boardroom  
Administration Building

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**TO: Director Thomas Canham  
Director James Roof**

**FROM: Sub-Committee Chair Tom Weisner**

**DATE: November 18, 2009**

**RE: OASES WORKING GROUP MEETING**

This is to advise you that there will be an Oases Working Group Meeting on **Tuesday, November 24, 2009**, at **1:00 p.m.** This meeting will be held in 146B of the Administration Building.

If you are unable to attend, please advise Trudy at Ext. 1101.

cc: Chair Paula Wolff  
Director Jim Banks  
Director Morris  
Director Pradel  
Director Towns  
Acting Executive Director Mike King  
Department Chiefs

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**OASES WORKING GROUP**

**AGENDA**

**November 24, 2009 - 1:00 p.m.**

1. Present a brief history of the Tollway's decision and the process for entering into a Design-build and Operate Lease regarding the Tollway Oases.

# Illinois Tollway Oasis Working Group



GREG STUKEL AND ED FLORES  
NOVEMBER 24, 2009



## Brief History-Locations

Location	Tollway	MP	Type	No. Fuel Stations	County	Year Built
Belvidere	Jane Addams	54.6	Over-the-Road	2	Boone	1958
Des Plaines	Jane Addams	5.5	Over-the-Road	2	Cook	1958
Lake Forest	Tri-State	60.1	Over-the-Road	2	Lake	1958
O'Hare	Tri-State	38	Over-the-Road	2	Cook	1958
Hinsdale	Tri-State	25.2	Over-the-Road	3	Cook	1958
Lincoln	Tri-State	1.1	Over-the-Road	2	Cook	1969
Dekalb	Ronald Reagan	93.2	One side of the Road	1	Dekalb	1973

## Brief History—Vendors

- **1958 to 1984**

- Standard Oil Company of Indiana (Amoco Oil), Fred Harvey Corp. (later Howard Johnson)—sublease
- All Oases

- **1984 to 2004**

- Host Marriott Services
  - McDonald’s Corporation
  - Wendy’s International, Inc.
- O’Hare and Lincoln  
DeKalb, Belvidere, Des Plaines  
Lake Forest and Hinsdale

- **1958 to 1985**

- Standard Oil Company (Amoco)

- **1985 to Present**

- Exxon Mobil (Mobil Oil Corporation)

3

## Key Dates in Oases History

- 1957 — ● First Oases lease agreement approved leasing Oases to Standard Oil of Indiana (Amoco Oil).
- 1959 — ● Five Oases—Belvidere, DesPlaines, Lake Forest, O’Hare, Hinsdale—open and operated by Standard Oil of Indiana with Fred Harvey as a sublessee.
- 1967 — ● Lincoln Oasis opens and was leased to Standard Oil with Fred Harvey as a sublessee.
- 1974 — ● Howard Johnson’s assumes management of Oases restaurant facilities under sublease with Amoco Oil (contributes \$1.9 million to pavilion renovation and restaurant upgrade/Tollway \$1.2 million)
- 1975 — ● DeKalb Oasis opens and was leased to Standard Oil and Howard Johnson’s

4

## Key Dates in Oases History

- 1976 ● Tollway completes three-year facilities improvement program—air conditioning, heating, emergency generators, and fuel storage tank farms installed at 10 oases fuel stations for \$7.8 million.
- 1982 ● McDonald's opened at DeKalb Oasis
- 1984 ● Tollway completes year-long review RFP process and selects McDonald's, Burger King, Kentucky Fried Chicken, and Wendy's, operated by concessionaires Marriott Company; McDonald's Corporation and Wendy's International under 10-year contracts to manage food and gift shop leases; includes \$1 million renovations at each of six oases.
- 1985 ● Mobil Oil Corp. selected via RFP to operate fuel stations at seven oases.
  
- 1994 ● Operating agreements extended for one year with two six-month extensions.
- 1995 ● Operating agreements extended for one year with two six-month extensions.
- 1996 ● Operating agreements extended for one year with two six-month extensions.

5

## Oases Redevelopment Program

### Tollway Responsibilities

Standard Oil Lease—facility maintenance (including assigning a mechanical electrical technician at each site), lawn and parking lot maintenance.

1984 Leases—Additional maintenance responsibilities were transferred to the lessee. Building facility maintenance (except roofs) and the policing of the parking lot area for trash was the responsibility of the lessee. The Tollway was still responsible for parking lot maintenance (pothole patching etc.), snow plowing and lawn maintenance.

Wilton Lease—More responsibility was transferred to the lessee. Currently the Tollway's oases jurisdiction ends at the top of the ramps and the ends of the oases access road. The lessee is responsible for facility maintenance, parking lot maintenance, trash collection, snow removal, and lawn maintenance among others.

6



**THANK YOU**

7

**PUBLIC NOTICE**

**The Illinois State Toll Highway Authority**

**Schedule of Sub-Committee Meeting**

**July 7, 2010**

Public Notice is hereby given of the schedule for a Sub-Committee Meeting to be held on July 7, 2010.

**OASES WORKING GROUP**

July 7, 2010 - 9:00 a.m.  
Boardroom  
Administration Building

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**TO: Director Tom Canham**

**FROM: Sub-Committee Chair Tom Weisner**

**DATE: June 28, 2010**

**RE: OASES WORKING GROUP MEETING**

This is to advise you that there will be an Oases Working Group Meeting on **Wednesday, July 7, 2010**, at **9:00 a.m.** This meeting will be held in the Boardroom of the Administration Building.

If you are unable to attend, please advise Andrew at Ext. 1006.

cc: Chair Paula Wolff  
Director Jim Banks  
Director Jim Roof  
Director Bill Morris  
Director Carl Towns  
Director Maria Saldana  
Director George Pradel  
Executive Director Kristi Lafleur  
Chief of Staff Doug Kucia  
Department Chiefs

**THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY**

**OASES WORKING GROUP**

***AGENDA***

**July 7, 2010 - 9:00 a.m.**

1. Call to Order
2. Roll Call
3. Opening Remarks
4. Approval of February 25, 2010 Minutes
5. Review and Discussion of Oases in Other States
6. Discussion of Agenda for next Working Group meeting.
7. Adjournment

# Oases Working Group

July 7, 2010



Oases Working Group



## Toll Agency Concession Comparison

Entity	Capital Contribution	Term of Agreement	Number of Locations	Contracting Methodology	Main Building/Fuel & C-Store Configuration
Illinois State Toll Highway Authority	Developer	25 Years	7 Dual-Access	Prime for Oases with Separate Fuel/C-Store Contract	Separate
Connecticut Department of Transportaton	Developer	35 Years	23 Single-Access	Single Prime for All Services	Integrated
Delaware Turnpike Authority	Developer	35 Years	1 Dual-Access	Single Prime for All Services	Separate
Florida's Turnpike	Developer with \$60M Contribution from State for Infrastructure	30 Years	8 Dual-Access	Single Prime for All Services	Both
Maryland Transportation Authority*	Developer	35 Years	2 Dual-Access	Single Prime for All Services	Separate (Currently)
Ministry of Transportation - Canada	Developer and the MTO	50 Years	23 Single-Access	Single Prime for All Services	Separate
Bureau of Turnpikes, New Hampshire Department of Transportation*	Developer	30 Years With Two 5-Year Extensions	2 Single-Access	Single Prime for All Services	TBD (Fuel Optional)
Ohio Turnpike Commission	Commission Issued Bonds	5 to 7 years with renewal options	14 Single-Access	Multiple Operators for Food and Fuel	Separate, C-Stores With Limited Number of Offerings
Oklahoma Turnpike Authority	Food & Fuel Operators	20 Years With Two 5-Year Extensions	9 Dual-Access by 2015	Multiple Primes for Food and Fuel With Easement Agreement	Mostly Integrated
New York Thruway		Current agreements run through 2022	27 Single-Access	Multiple Operators for Food and Fuel	Integrated
Pennsylvania Turnpike Commission	Developer	30 Years	3 Dual-Access & 14 Single-Access	Single Prime for All Services	Integrated

Oases Working Group



## Illinois Tollway

- **286 miles**
- **4 Interstate roadways**
  - Jane Addams Memorial Tollway (I-90)
  - Reagan Memorial Tollway (I-88)
  - Veterans Memorial Tollway (I-355)
  - Tri-State Tollway (I-94/I-294/I-80)
- **506 million vehicles/year**
- **2.2 million transactions/daily**
- **\$658 million operating revenue in 2009**
- **State Authority**



## Illinois Tollway

- **286 miles**
- **4 Interstate roadways**
  - Jane Addams Memorial Tollway (I-90)
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- **\$658 million operating revenue in 2009**
- **State Authority**



## Pennsylvania Turnpike Commission

### ■ Service Plazas

- 17 locations
- Primarily rural, some urban



Oases Working Group



## Pennsylvania Turnpike Commission

### ■ Leased facilities

- 30-year agreements
- Travel Plaza revenue of \$12.9 million (2009)



Oases Working Group



## Pennsylvania Turnpike Commission

- **Leased to vendors**
  - HMS Host Family Restaurants LLC
  - Sunoco Inc.
- **\$150 million to reconstruct, renovate 17 Service Plazas**
- **6 renovations – 2006-2010**
- **11 reconstructions – 2010-2014**



Oases Working Group



## Pennsylvania Turnpike Commission

- **Vendors**
  - Numbers vary by location, 4 to 7 at each site
  - Burger King, Quiznos, Pizzeria Uno, Starbucks, Hershey Ice Cream, gift shops, convenience stores
  - Sunoco fuel after pavilion
  - 24/7 food service
  - 17 truck stops
  - RV facilities (4 sites)



Oases Working Group



## Indiana Toll Road

- 157 miles
- 1 Interstate roadway (I-80/I-90)
- 50,000 average daily traffic
- 150,000 transactions/daily
- \$158.4 million reported revenue in 2009
- Privatized in 2006 to Cintra/ Macquarie



Oases Working Group



## Indiana Toll Road

- Travel Plazas
  - 5 locations
  - Rural
  - 10 Plazas named for famous Hoosiers



Oases Working Group



## Indiana Toll Road

### ■ Leased facilities

- Leased to vendors – Anchors and Fuel providers
- Agency manages and maintains parking structures
- 5- to 10-year agreement with renewal options
- Travel Plaza revenue of \$8.76 million (includes “lease and other revenue”)



## Indiana Toll Road

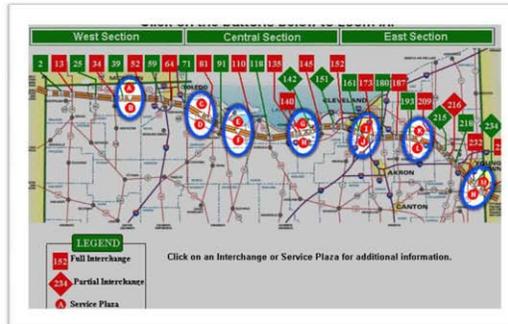
### ■ Vendors

- Lease to anchor tenant – McDonald's and Hardee's for pavilion and BP or Mobil for fuel
- Anchors sublease
- Pizza Hut, Fazolis, Starbucks, Hershey Ice Cream, Dairy Queen, gifts, coffee, fuel
- Fuel stations after service plaza
- 24/7 food service
- Truck stops at all plazas
- 100 – 150 parking spaces for trucks at each site
- RV facilities (3 sites)



## Ohio Turnpike Commission

- 241 miles
- 1 Interstate roadway (I-80/I-90)
- 48.2 million vehicles/year
- 132,000 transactions/daily
- \$209 million revenue reported in 2009
- State Commission



Oases Working Group



## Ohio Turnpike Commission

- **Service Plazas**
  - 7 locations – two at each site
  - Mixed, but mostly rural



Oases Working Group



## Ohio Turnpike Commission

### ■ Leased facilities

- Leased building, leased fuel stations
- 5- to 7-year agreements, with renewal options
- Service Plaza revenue of \$13.6 million
- Commission manages parking facilities



## Ohio Turnpike Commission

### ■ Vendors

- Number varies by location, 1 to 7 per plaza
- HMS Host Family Restaurants, McDonald's, Hardee's, Nathan's Hot Dogs, Gloria Jean's Coffee, Cinnabon, gifts, convenience stores
- Valero fuel stations after pavilion
- 24/7 food service
- 14 truck stops
- RV amenities (6 sites)



## New York Thruway Authority

- **641 miles**
- **5 Interstate roadways**
  - I-87, I-95, I-287, I-90, and I-190
- **246.7 million vehicles/year**
- **676,000 transactions/daily**
- **\$638.3 million**
- **State Authority**



Oases Working Group



## New York Thruway Authority

- **Travel Plazas**
  - 27 locations
  - Mix of rural and urban



Oases Working Group



## New York Thruway Authority

### ■ Leased facilities

- Leased building, leased fuel stations
- Long-term agreements through 2022
- Travel Plaza revenue of \$12.5 million
- Authority maintains parking structures



## New York Thruway Authority

### ■ Vendors

- Number of vendors varies by location, 2 to 5
- Delaware North, McDonald's, HMS Host  
Restaurants, coffee, gift shops, tourist info, Wi-Fi,  
E-ZPass On the Go
- Fuel stations at the plazas
- 24/7 food service
- Each plaza accommodates 20-40 trucks



## Italy

- 2,854.6 KM ( approx. 1,774 miles)
- 16 roadways
- 55 million vehicles/year
- 209 million Euros total revenue in 2009
- Privatized by Atlantia S.p.A. – expires 2038



Oases Working Group



## Italy

- **Service Plazas**
  - 258 total service areas
  - 216 of them operate in are accessed directly from the motorways
  - Total Service area revenue 244 Million Euros in 2009



Oases Working Group



## Industry Trends

- **Smaller Service Plaza facilities**
- **Parking and Facility costs borne by Agency**
- **Sale of naming rights**
- **Service Plaza-based marketing**
- **Express service**
- **Expanded trucker services**



## Discussion





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## Commercial Vehicle Parking

Rocco Zucchero  
July 7, 2010  
Oases Working Group Meeting

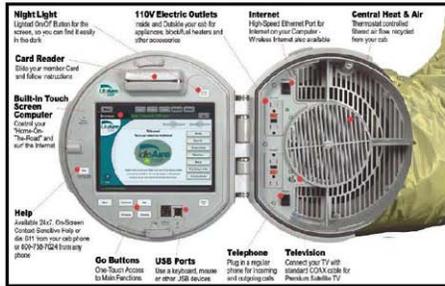
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### Background and Needs

- Problem
- Impacts
- Opportunities



# Advanced Truck Stop Electrification (ATE)



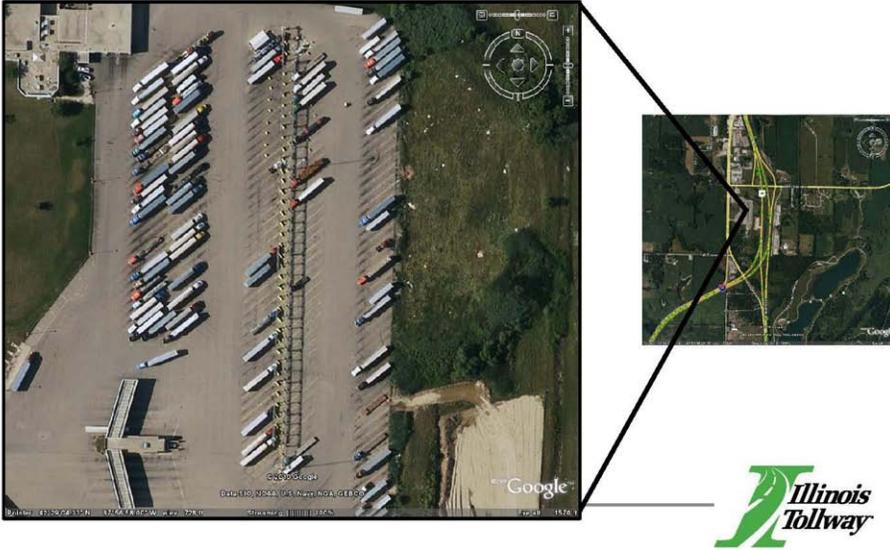
## Benefits of ATE

Estimated Emission Reductions for 98 ATE Units:

Emission	Total Idling Emission Reductions at Proposed Locations (Metric tons/yr)	Emissions from Electric Generation for ATE Operation (Metric tons/yr)	Net Expected Emission Reductions (Metric tons/yr)	Percent Reductions
NOx	64	1	63	98.3
PM	2	0	2	99.6
CO	27	0	26	99.7
VOC	3	0	3	99.7
CO <sub>2</sub>	4,909	562	4,347	88.6
<b>Total</b>	<b>5,004</b>	<b>563</b>	<b>4,441</b>	<b>88.7</b>



## Existing ATE Site



## Tollway Truck Parking Inventory

- High-Level Snapshot
- Visual Survey Sample in 2007
- Parked – Oases, Ramps & Break Downs

Location	East/North	West/South	Total
Hinsdale	21	25	46
O'Hare	29 (5 bus)	29 (5 bus)	58
Lake Forest	29	29	58
Lincoln	25	37	62
DeKalb	17	17	34
Belvidere	14 (2 bus)	14	28
DesPlaines	14	14	28



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## Tollway Opportunities

Federal Grants

Oases Expansion

Limited Excess Land



Partner with Adjacent Land Owners



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# THANK YOU