

TRANSPORTATION ENHANCEMENT PROGRAM

Progress Report for FY 2003

This report provides a summary and evaluation of Oregon's Transportation Enhancement program for federal fiscal year 2003 (October 2002 through September 2003). It discusses project selection, policy changes, expenditure of funds, and progress in delivering projects.

ACRONYMS USED

FHWA	=	Federal Highway Administration
FY	=	Fiscal Year (federal)
ODOT	=	Oregon Department of Transportation
OTC	=	Oregon Transportation Commission
STIP	=	Statewide Transportation Improvement Program
TE	=	Transportation Enhancement
TEA-21	=	Transportation Equity Act for the 21 st Century

PROGRAM STRUCTURE AND FUNDING

The TE program in Oregon is administered by the Oregon Department of Transportation. In June 2003 the program was transferred from Preliminary Design to the Local Government Section. The program is still administered by the TE program manager in the Salem central office. There are also eight project leaders (Local Agency Liaisons) and two construction liaisons in the five regional offices, to oversee delivery of local agency TE projects. The TE Advisory Committee provides input to project selection and program policy. The current committee convened in September 2002, replacing several ad hoc committees that assisted the TE program in 1999 and 2000. It has eleven members: 4 local government officials, 4 ODOT staff, 2 public at-large members, and one OTC delegate who serves as chair.

The funding for TE projects comes from the state's federal transportation allocation. Each state must reserve ten percent of its Surface Transportation Program funds for TE activities. In fiscal year (FY) 2003 the TE reserve for Oregon was about \$8 million. However, only \$3.1 million was available because the Transportation Commission restricted TE spending to leave more funds available for pavement and bridge preservation. Due to the limited funding, ODOT manages TE as a statewide program without suballocation or guaranteed funding for individual regions or Metropolitan Planning Organizations (MPOs).

In April 2002, the OTC approved restoring \$2 million per year to the TE program, starting in FY 2006. These funds go to a "TE Discretionary Account" which allows ODOT to apply funds directly to worthy projects separate from the competitive selection process. Projects funded this way must be confirmed by the OTC and must meet the same criteria and priorities in effect for the competitive selection process.

ACTIVITY IN FISCAL YEAR 2003

Project Selection

The primary activity in FY 2003 was soliciting and selecting new projects for the 2004-2006 funding cycle. The process began in September 2002 with adoption of program criteria and a letter announcing the application period. More than 800 copies of the letter went out to public agencies, elected officials and other interested parties. Application materials were available on the TE program web site or by email beginning October 31, 2002. Completed applications were due February 7, 2003.

There were 80 applications in all. Eight were disqualified for failure to meet the application requirements. Seven more were withdrawn on direction from Metro to meet the application limit for the Portland area MPO. The remaining 65 advanced to the technical review phase. Reviewers included ODOT staff in the Scenic Byways and Bicycle/Pedestrian programs, Rail Division, Bridge Section, Local Programs Section, and Environmental Services along with Area Managers and Local Agency Liaisons in the five region offices. The TE Program Manager and Local Program Design Coordinator visited more than 40 project sites as part of this process. In the end, 34 applications judged to be the most technically viable advanced to the TE Advisory Committee. This was about three times the number for which it was predicted funding would be available.

The committee scored and ranked projects based on the adopted criteria, then met to establish a preliminary selection list. It included 12 projects “proposed for funding” and six others “still in consideration.” The list was circulated to each Area Commission on Transportation (ACT) and regional Community Solutions Team (CST) with a request for comments. Meanwhile, ODOT staff conducted further analysis of the projects still in contention. The ACT/CST input and ODOT findings produced some shuffling in the original rank order of the 18 finalists. The committee discussed and agreed on funding needs for the top projects. In five cases they proposed awards larger than what the applicant had originally requested, to make sure projects were fully funded. On two large projects they supported an awards less than the full request, based on a second-choice options the applicant offered. With these decisions in place, there was enough money to fund the top 11 projects. The 12th project became number one on the Reserve List. Four others were retained on the Reserve List and two of the finalists were not recommended for funding. On June 18, 2003 the OTC approved the recommendations unanimously. See Table 1 for the selection list.

Critique of the Process: The selection process worked well overall. The TE committee appreciated ODOT efforts in screening the applications to advance just 34 for them to evaluate. The scoring system worked well to bring quality projects to the top. The committee endorsed the top ranking projects by consensus.

In critiquing the process afterward, they concluded the method of engaging the ACTs and CSTs should be improved. Their comments were sought after the committee released its Preliminary Selection List. This turned out to be too late in the process. And, it caused confusion among some ACTs and CSTs: they felt they had already indicated their priorities by endorsing local projects during the application period. The ACT/CST input and the

technical review were new to the process this time. The TE Committee is already considering ways to improve these areas next time.

The ODOT technical review added a month to the selection process. However, the time invested in staff review, site visits, and analyzing cost estimates should reap benefits later in avoiding changes that add months to project delivery times.

Objections and Appeals: There were two requests to appeal a decision in the project selection process. One was considered by the TE Committee and denied. The other was retracted before it got to the committee. In both cases the applicant protested ODOT's decision not to advance their project beyond the technical review. The City of Pendleton made a formal appeal to the TE Advisory Committee. The committee examined the original application and considered explanations from ODOT staff and the City. They voted 6-2 to uphold the staff decision. The City of Klamath Falls also initiated an appeal after contacting the ODOT Director's office and their state legislator. The TE Program Manager explained the deficiencies in the application. The City then chose to withdraw the appeal.

The questions raised in the Klamath Falls appeal led the ODOT Director to request an internal audit of the TE project selection process going back to 1999. The audit found that the process has been consistent with federal requirements, that it resulted in documented decisions, and appeared to follow a reasonable methodology for project scoring¹.

In the Portland MPO (Metro) there were some questions and complaints from members of the "TPAC" and "JPACT" advisory committees. Though the Metro area had four projects in the eleven awarded, they were unhappy the city of Beaverton project had not passed the ODOT technical review. Within Metro it was considered the No. 2 priority among the seven they had submitted. The TE Program Manager explained to both committees that the technical review considered only the technical merit of projects, not local priorities. In the end, there was no formal appeal from the Metro Council or from individual applicants in the Metro area.

Discretionary Account: Two projects were awarded TE Discretionary funds. In July, the OTC approved \$1,545,000 for a tunnel under US-101 to accommodate the Fort-to-the-Sea Trail. It will be constructed in 2005 in time for Lewis and Clark commemorations. In August \$150,000 was awarded for acquisition of a 17-mile abandoned railroad corridor between Scappoose and Vernonia. This will allow future extension of the popular Banks-Vernonia State Trail.

TE Advisory Committee

The TE Advisory Committee was active at several points during the year. In October 2002 they finalized the "Criteria and Procedures for the FY 2004 to 2007 STIP Cycle" and reviewed the application packet that was released October 31. In January 2003 they confirmed the project selection process and schedule, and in February they advised ODOT on criteria for disqualifying applications. They met in March for a briefing before evaluating applications. They met on April 8

¹ Audit Report #03-12 "Federal Transportation Enhancement Program: ODOT Follows Selection Process"

to review scoring results and release a preliminary selection list. They then met on May 13, 2003 to finalize project selection and funding recommendations.

Coordination to Advance Projects

Nine TE contracts were awarded in FY 2003 and one project advanced to the bid process but was awarded after September 30, making it a FY 2004 project. Within ODOT, the Local Agency Liaisons had a major part in advancing these projects to contract. Through meetings and phone calls, they were in frequent contact with project sponsors and their consultants throughout the project development process. They provided guidance on consultant selection, scope of work, budget and funding decisions, and they reviewed preliminary and final plans and contract documents.

The TE Program Manager was actively involved in 25 projects, usually to advise Local Liaisons on issues relating to scope, funding and schedule changes. Other contacts included reviewing Intergovernmental Agreements and project plans, determining allowable (versus non-reimbursable) costs, and working with ODOT region staff to spur progress or decisions on projects. On several projects going to contract, there were last-minute questions about TE funding for estimated costs above the amount of TE funding awarded. In some of these cases construction bids came in under the ODOT engineer's estimate and projects were completed within their original budget.

Tracking Project Delivery and the Balance of Funds

There were 51 active TE projects in FY 2003 (see Appendix 1 for the status of each project). The Local Agency Liaisons monitored progress and expenditures on their assigned projects. The TE Program Manager tracked progress and expenditures on a statewide basis, and monitored TE funding commitments shown in the STIP and Financial Plan. She worked with the STIP Manager, Financial Plan Manager and others in ODOT's Highway Finance Office on a regular basis throughout the year to confirm amounts obligated¹ and spent, and the balance available.

As reported last year, a portion of the TE program is managed and monitored by Metro, the metropolitan planning organization (MPO) for the Portland metropolitan area. In April 2002, ODOT allowed Metro an allotment of \$14,885,500 for fiscal years 1994 through 2003. This covers actual TE expenditures from FY 1994 through 2002 and outstanding commitments on projects approved as part of the FY 2000-2003 STIP update².

Outreach and Assistance

The TE Program Manager exchanged information with other ODOT program managers and other state agencies and gave assistance to many communities and organizations. Within

¹ A formal commitment of funds, after approval of the project prospectus and Intergovernmental Agreement.

² The ODOT/Metro agreement allows Metro to increase or decrease funding on approved TE projects, or transfer funds from one approved project to another. All new TE projects in the Metro area must undergo an eligibility review by the TE Program Manager before they can be added to the TE program.

ODOT there was frequent interaction with the Bicycle and Pedestrian Program, including attendance at meetings of the Oregon Bicycle and Pedestrian Advisory Committee and Local Bicycle/Pedestrian Coordinators.

The TE program serves many of the same “customers” as the Forest Highways and Scenic Byways programs within ODOT and the Recreation Trails program in the Oregon Parks and Recreation Department. The TE Program Manager referred inquiries to these other programs as needed.

Other outreach and assistance activities included meeting with *Active Community Environments* to coordinate efforts on shared issues in public health, safety, transportation and land use—especially the idea of encouraging physical activity by providing better opportunities for walking and bicycling. The TE Program Manager also served as a resource delegate to the annual *Resource Assistance for Rural Environments* (RARE) conference in Salem and as panelist at an inter-agency “one-stop” meeting arranged by the Oregon Economic and Community Development Department for the city of North Bend.

TE Manual: The Transportation Enhancement Program Manual is about 70 percent complete. It covers TE eligibility, federal-aid requirements, the application and project selection process, funding and programming, project development, and construction or implementation. This year the main progress on the manual was in restructuring it for web-based publication instead of traditional printing. This will save the department hundreds of dollars in printing and distribution costs. The manual will contain direct links to pertinent sections of the Local Agency Guidelines and other reference documents. When done, this manual will serve ODOT staff, TE project sponsors, and those interested in applying for funds.

PROJECT DELIVERY

Projects Completed

Fifteen TE projects were completed in FY 2003—see Table 1. This is a notable increase over the five per year completed in the previous three years. At this point the increase is not due to a dramatic improvement in project delivery but to the fact that many agencies are just now completing projects they were awarded back in 1999.

Six additional projects were under contract but not yet complete at the close of FY 2003 (September 30). One of these was completed in October 2003. See Appendix 1 for project names.

Performance Measures

There are two performance measures in place for the TE program. One addresses the obligation success rate and the other tracks on-time delivery of projects. Table 2 shows the results for FY 2003. At 52 percent, the obligation rate was essentially the same as last year (much better than results for earlier years). On-time delivery for FY 2003 projects rose to 60% which is higher than last year and much higher than in FY 2000 and 2001. This performance is due partly to efforts by ODOT and local agencies and partly to the longer preparation time for this year's projects compared to projects awarded in 1999 but programmed for FY 2000 and 2001. Improved performance in Region 1 had a great part in sustaining overall results for FY 2003.

For the five projects slated to go to contract in FY 2003, three were delivered on time¹. One is running more than three months late, and one was canceled. The construction program for FY 2003 also included 12 projects carried over from prior years. One of these was delivered on time (before December 31, 2002). Three were delivered 3 to 12 months late and one was delivered more than a year late. Seven are still in progress, over a year late.

The ODOT regions varied in their success at delivering TE projects. This year's results are shown in Table 3, first by percentage of dollars obligated and then by percentage of "project phases" obligated. As in past years Regions 3, 4, and 5 were more successful than Regions 1 and 2. However, both Region 1 and Region 2 have added Local Programs staff in the past two years and this is helping advance more TE projects. The 51 percent obligated in Region 1 is a significant improvement over their 27 percent average for the last three years.

Factors Affecting Performance

As in past years, the most common cause of delay was the need to rework the project scope to bring it in line with the available funding. This was an important factor in eight of the nine projects delayed from FY 2003 to 2004. All of these projects were originally slated for contract in FY 2001 or 2002. Of the three projects delivered on time in FY 2003, one was an ODOT multi-use path with no new right-of-way needed, one was a county-sponsored multi-use path, and the third was a depot restoration involving a public/private partnership and strong local pressure for quick completion.

¹ in the target month or within the following 90 days

TABLE 1
Projects Completed in FY 2003

<i>Region</i>	<i>Project</i>	<i>Applicant</i>
1	FANNO CREEK MULTI-USE PATH <i>Allen Rd – Denney Rd Section</i>	City of Beaverton
	NW 112th AVE - BRIDGE AVE <i>Linnton Gateway Landscaping and Medians</i>	ODOT Region 1 with Linnton Neighborhood Association
	VISTA HOUSE RESTORATION	Oregon Parks & Recreation Dept.
	SE IVON - SE UMATILLA <i>Eastbank Trail Phase 1: OMSI – McLoughlin Blvd</i>	City of Portland
	CEDAR MILL SENTINEL PLAZA <i>Landscaped pedestrian plaza with artwork</i>	Washington County
2	SECOND ST - FIFTH ST (MADISON ST) <i>Crosswalks and curb extensions, with landscaping</i>	City of Corvallis
	DEPOE BAY SCENIC LANDS ACQUISITION	City of Depoe Bay
	GREENHILL RD-TERRY ST (Fern Ridge Bike Path)	City of Eugene
	MARY AVE - BROWNING AVE <i>S. Commercial Street Sidewalks</i>	City of Salem
	STARR ST - DIVISION ST (Center Street, Sublimity) <i>Sidewalks, curb extensions, and landscaping</i>	City of Sublimity and Marion County
3	INTERMODAL CENTER & INTERPRETIVE AREA <i>Sidewalk, connecting walkways, signs and crosswalks</i>	City of Jacksonville
	COLVER RD - MAIN ST <i>4th St Sidewalks & Bike Lanes</i>	City of Phoenix
	WAGNER CRK-ARNOS ST: <i>Talent Ave. Sidewalks & Bike Lanes</i>	City of Talent
4	OC&E WOODS LINE STATE TRAIL, PHASE 2 <i>Multi-use path from Hwy 139 to Olene</i>	Oregon Parks & Recreation Dept.
5	UMATILLA COUNTY HISTORIC MUSEUM <i>Pendleton RR Depot Restoration</i>	Umatilla-Morrow ESD

TABLE 2
Performance Measures for the Transportation Enhancement Program

1. Obligation Success Rate

Definition	Percentage actual vs. planned obligation, tracked in dollars and number of project phases (PE, ROW, CN) based on the federal fiscal year, October 1 through September 30. “Planned obligation” for each year includes delayed projects that have been reassigned from prior years.									
Goal or Standard	None specific to TE program. FHWA goal is 75% obligation, cumulative since inception of TE.									
Recent Data	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">FY’03</td> <td style="width: 20%;">52% of dollars</td> <td style="width: 20%;">54% of project phases</td> </tr> <tr> <td>FY’02</td> <td>53 % of dollars</td> <td>52% of project phases</td> </tr> <tr> <td>Average for FY 2000/2001¹</td> <td>36 % of dollars</td> <td>38 % of project phases</td> </tr> </table>	FY’03	52% of dollars	54% of project phases	FY’02	53 % of dollars	52% of project phases	Average for FY 2000/2001 ¹	36 % of dollars	38 % of project phases
FY’03	52% of dollars	54% of project phases								
FY’02	53 % of dollars	52% of project phases								
Average for FY 2000/2001 ¹	36 % of dollars	38 % of project phases								

2. On-Time Delivery

Definition	Percentage of projects on time for scheduled “let date” (contract awarded in the target month or within the following three months). If no TE funds are assigned to construction, consider the obligation date for the last phase with TE funds. Based on original FY’03 program—not projects delayed from prior years.						
Goal or Standard	None specific to the TE program. ODOT Project Delivery tracks state-funded projects based on delivery in the assigned quarter or within 90 days.						
Recent Data	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">FY’03</td> <td style="width: 20%;">60%</td> </tr> <tr> <td>FY’02</td> <td>50 %</td> </tr> <tr> <td>Average for FY 2000/2001¹</td> <td>24 %</td> </tr> </table>	FY’03	60%	FY’02	50 %	Average for FY 2000/2001 ¹	24 %
FY’03	60%						
FY’02	50 %						
Average for FY 2000/2001 ¹	24 %						

¹ Includes Local and Statewide TE programs. Does not include obligation of construction funds for projects started before 1999.

For the FY 2004-2007 funding cycle there are several new strategies in place for improving project delivery. One is the ODOT technical review included in the project selection process. Others include the deadline for completing the Prospectus and Intergovernmental Agreement and adopting a process for reassigning funds from “inactive” projects.

Summary of Funds Obligated

With a few exceptions, the procedures that apply to federal-aid highway projects also apply to TE projects. TE funds cannot be released for payment until authorization by the Federal Highway Administration based on an approved Prospectus and Intergovernmental Agreement. This authorization allows the “obligation of funds” to a specific project or phase of a project. Obligation allows ODOT to collect funds from the Federal Highway Administration to reimburse the project sponsor for qualified expenditures.

One way to gauge progress in the TE program is to track how many projects or project phases get authorized, and the total dollars obligated. Table 3 shows the actual versus planned obligation of funds for each region and for the total program.

In FY 2003 the total planned obligation was **\$9,661,000**¹ Over 60 percent of this was for work delayed from FY 2002 or before. The amount obligated was **\$5,025,000** or 52 percent of the total amount planned. We delivered over 60 percent of our current-year program but only 46 percent of work delayed from prior years. More than half the work carried in from prior years was further delayed to FY 2004. However, the backlog of late projects is gradually declining.

The second part of Table 3 shows how many phases of work were obligated. In this analysis, each phase of a project—preliminary engineering (PE), right-of-way (RW) and construction (CN)—counts as one unit. Since one large project in a region can greatly influence the data on dollars obligated, this gives small projects the same credit as larger ones. For FY 2003, the percent of phases obligated was about the same as the percent of dollars obligated.

Table 3 also shows actual amounts obligated in comparison to each region’s share of the intended (programmed) work for the year. Regions 4 and Region 5 delivered more than their share of the total. Regions 1 and 3 were about equal to their share, while Region 2 was well below its share. Regions 4 and 5 also delivered more than their share of the total if considering project phases instead of dollars.

In Region 1, five projects brought down the obligation percentage. This includes four projects slated for more than \$500,000 each. In Region 2, two projects over \$500,000 were delayed along with two projects around \$330,000 each. The lower-than-usual obligation in Region 3 can be attributed to the North Bend project that was canceled.

¹ For easier reading, all values in this section are shown only to the nearest thousand dollars.

TABLE 3

FY 2003 Summary of TE Funds Obligated

PART 1: DOLLARS OBLIGATED in FY 2003

	R 1	R 2	R 3	R 4	R 5	All
Obligated	\$2,551,519	\$938,218	\$652,529	\$399,212	\$483,115	\$5,024,593
Intended	\$4,968,224	\$2,695,117	\$1,162,109	\$351,382	\$483,849	\$9,660,681
% Dollars Obligated	51%	35%	56%	114%	100%	52%
Average for FY'00 and FY'01	26%	44%	77%	81%	64%	42%
Region's share of FY'02 intended	51%	28%	12%	4%	5%	
Region's share of FY'02 obligated	51%	19%	13%	8%	10%	

PART 2: PROJECT PHASES OBLIGATED in FY 2003

	R 1	R 2	R 3	R 4	R 5	All
Obligated	6	4	1	2	2	15
Intended (programmed)	11	10	3	2	2	28
% Phases Obligated	55%	40%	33%	100%	100%	54%
Average for FY'00 – FY'02	30%	32%	60%	59%	77%	42%
Region's share of FY'03 intended	39%	36%	11%	7%	7%	
Region's share of FY'03 obligated	40%	27%	7%	13%	13%	

Cumulative Data on TE Spending

The national statistics on TE spending are not very reliable because the process for obligating funds differs from state to state. Unfortunately, these statistics often surface in discussions of continued TE funding. The number most often cited is the cumulative obligation rate, which is lower (nationally) than rates for the last few years. When this issue comes up, it is important to emphasize the benefits of TE projects and the improved project delivery in recent years.

Through FY 2003, Oregon obligated about 60% of its TE apportionment and 67% of available funds⁷. This is a small increase over past years. However, Oregon has dropped to No. 45 out of 52 for TE funds obligated (1992-2002 cumulative)⁸. Our place in these rankings is affected by state laws, ODOT policies, staff to assist local agencies, and the experience and motivation of TE project sponsors. It also depends on the funding ODOT makes available for TE projects. With the OTC decision to withhold 40 percent of the anticipated TE funds for FYs 2004-2009, Oregon can expect to remain low in the national rankings for several more years.

To maximize the cumulative rate it is important to commit all available funds to projects and keep those projects on schedule. Region 1 and Region 2 together have over \$4 million in late TE projects from FY 2003 and before. In addition the Region 1 Metro area had—until just recently—more than \$3 million in uncommitted TE funds. The combined effect is significant. Had this \$7.5 million been awarded and obligated on time, Oregon would gain 10 percent in its cumulative obligation rating and 20 places in the national rankings.

CONCLUSION

The TE program was successful this year in advancing projects and selecting new projects. There was a notable increase in the number of projects completed—15 this year alone compared to 15 total for the three previous years. The \$5.0 million obligated was fourth highest in the 12 years of the program. The “percentage of funds obligated” stayed above 50 percent, and on-time project delivery rose to 60 percent. Eleven new projects were approved through competitive selection and two were awarded TE Discretionary funds.

The project selection process went well. The TE Advisory Committee worked well together and their efforts were greatly appreciated by the Transportation Commission. Timely project delivery continues to be a challenge, but the new strategies in place for project selection and programming should help continue the improvement shown in recent years.

The volume of applications for FY 2004-2006 funding shows that the TE program is still very popular. There were six qualified applications for every project funded. The projects completed this year, and those now under way, continue to promote the intent of the TE program. Bike paths, sidewalks and streetscapes, and preserving historic transportation buildings—all help “strengthen the cultural, aesthetic, and environmental value” of the transportation system.

⁷ Based on amount available after limitation—averaging 90% of the appropriated amount for 1992 - 2001.

⁸ *Transportation Enhancements: Summary of Nationwide Spending as of FY 2002 (NTEC, 2003)*