

TRANSPORTATION ENHANCEMENT PROGRAM

Progress Report for FY 2006

This report provides a summary and evaluation of Oregon's Transportation Enhancement program for federal fiscal year 2006 (October 2005 through September 2006). It discusses project selection, policy changes, expenditure of funds, and progress in delivering projects.

ACRONYMS USED

ACT	=	Area Commission on Transportation
ERT	=	Economic Revitalization Team
FHWA	=	Federal Highway Administration
FY	=	Fiscal Year (federal)
MPO	=	Metropolitan Planning Organization
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. It is managed by the TE Program Manager within ODOT's Local Government Section in the Salem central office. There are ten project leaders (Local Agency Liaisons) and six construction liaisons in the five regional offices, to oversee delivery of the local agency program including TE projects. The TE Advisory Committee provides input to project selection and program policy. The committee has eleven members: four local government officials, four ODOT staff, two public at-large members, and one OTC member 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 FY 2006 the TE allocation for Oregon was \$9.0 million. TE is managed as a statewide program without guaranteed amounts for specific regions or metropolitan areas.

Oregon's TE program also includes a "TE Discretionary Account" with \$2 million per year starting in FY 2006. This allows ODOT to apply TE funds to qualified projects, separate from the competitive selection process. Projects funded this way must be confirmed by the OTC and must fit the same criteria and priorities in effect for the competitive selection process.

ACTIVITY IN FISCAL YEAR 2006

Project Selection

Soliciting and reviewing project proposals for the 2009-2011 program was the main activity through much of 2006. The application period was announced in January and closed June 30. With \$11 million to award, ODOT received 75 applications requesting \$64 million. Table 1 gives a summary by project size, project type, and type of applicant.

Six applications were disqualified for failing to meet eligibility or submittal requirements. Five more were removed for not passing the technical review. Sixty-four proposals continued into the public comment phase which ran from October 1 through November 30, concurrent with comment period for the FY 2008-2011 STIP.

Public Comments: The comment period generated over 700 mail and email responses, including more than 400 in support of one particular project. This was a huge increase in public response, due largely to the popularity of commenting by email. MPOs, Area Commissions on Transportation (ACTs) and regional Economic Revitalization Teams (ERTs) also provided rankings or comments at this time.

In early December ODOT staff evaluated the technical scores and local support and reduced the 64 proposals to 32 finalists. The TE Advisory Committee approved the list and the method for preparing it at their December 11 meeting. The committee received those applications for scoring. They will meet to select projects in January 2007 and anticipate final approval by OTC in February.

TABLE 1	
No. of Applications	75
TE \$\$ Requested	\$64 M
Project Size (TE \$\$)	
< \$400,000	11
\$400,000 - \$600,000	14
\$600,000 - \$800,000	11
\$800,000 - 1,000,000	14
\$1.0 - 1.3 M	13
> \$1.3 M	12
Project Type	
On-street Bike/Ped	26
Separate Path	22
Streetscape	11
Historic Preservation	4
Landscape	7
Beautification	7
Scenic/Historic Highway	4
Enviro. Mitigation	1
Applicant Type	
City	52
County	10
Local--Other	5
State	2
ODOT	3
Federal	3

Notification and Appeal: After the technical review process and again when the list of finalists was set, applicants with projects no longer in contention received written notice from the TE Program Manager. Several of them called to find out why their project did not advance, but there were no formal appeals of the project screening decisions through December 2006. All finalist applicants will receive notice of selection results soon after OTC approval in 2007.

Critique of the Process: Weighing the public comment results along with technical scores makes it harder to decide on the list of finalists but does produce a good slate for the TE Committee to choose from. For the next round there could be some reassessment of the process—not because the results are unsound but to make it more definitive for the applicants. Options to consider include: a point system instead of relative values for technical scores, and specific weighting for technical vs. public comment components. The matter of input from ACTs and MPOs continues to be a challenge. Although these groups want the TE Program to recognize local priorities, most are reluctant to rank the competing projects. Two MPOs chose to submit their priorities after the list of finalists was released.

New Projects in 2006

Three new projects received funding approval in FY 2006. All three advanced from the Reserve List in January 2006, after OTC restored full funding to the TE Program for FY 2008 and 2009. The projects were added to the STIP for construction in 2008 and 2009.

TABLE 2 New Projects Awarded in 2006		
Applicant	Project	TE Award
City of Estacada	Hwy 224: 2 nd Ave – Currin St Landscaped walkway and city gateways	\$1,650,000
City of Eugene	West Bank Trail: River Ave – Beaver St	\$1,060,000
City of Woodburn	Hwy 214 Sidewalk: Front St Ramp – Progress Way	\$880,000

Discretionary Account: In 2006 there were six inquiries about obtaining TE Discretionary funds for specific projects. One proposal advanced for funding; two went through the review process and were approved after the close of FY 2006. One request was found ineligible and two others were either inactive or incomplete going into 2007. Of the three that advanced, two were historic bridge projects, seeking TE funds to augment restoration efforts already under way with other funding. The project that advanced for funding was for two-year (interim) operation of a historic transportation facility, the Willamette Falls Locks.

- Willamette Falls Locks: Rehabilitation and Interim Operations\$318,300 awarded
- Ritner Creek Historic Covered Bridge Restoration\$270,000 TE request pending
- Upper Perry (Perry Arch) Bridge Rehabilitation\$295,000 TE request pending

The TE Advisory Committee determined that both proposals qualified for consideration, based on urgency, readiness and support. Both passed the technical review and scoring process. At the close of FY 2006 both were advancing towards OTC approval, and were later approved.

TE Advisory Committee

The TE Advisory Committee met twice in FY 2006. They discussed and adopted new policies, considered project status and funding, and prepared for a new round of project selection. Two important actions came out of the December 2005 meeting:

1. Adopting “Implementing Procedures for the Discretionary Account” and incorporating them into the TE Program Policy and Procedures approved in March 2006. This established a detailed process for considering and awarding TE Discretionary projects, which was used in handling inquiries and applications in 2006. It worked as intended, to define the steps for review and approval, the criteria to follow, and who makes decisions at each step.
2. Deciding how to allocate available funds for 2006 through 2011, given the anticipated increase coming from the federal transportation bill and subsequent OTC action on allocations within ODOT. The committee approved a \$3.5 million reserve to cover construction cost inflation; \$3.4 million to fund the top three Reserve List projects; and the rest for new projects with about \$11 million to award in the 2006-2007 selection cycle. They authorized the TE Program Manager to allow up to a 30-percent TE funding increase on FY 2006 and 2007 projects to cover the sharp increase in construction costs that has occurred in the past two years.

In March they advised keeping to the rank order of the Reserve List projects—don’t skip over the Hubbard project (#4) to fund the smaller Central Oregon PRD project (#5). They adopted or reconfirmed: the *TE Policy and Procedures*, the number of applications from MPOs, limit of one NOI per applicant, method for ACT/MPO input, and retaining the TE scoring criteria.

Oregon Transportation Commission Actions

The OTC took several actions affecting the TE program this past year.

- October 2005: Heard arguments for restoring the TE allocation to its full potential of \$9.0 million per year (compared to \$6 million per year initially proposed).
- January 2006: Approved TE “focus areas” for the FY 2008-2011 funding cycle and approved annual funding levels for FY 2006-2011. This action added \$1.6 million to the previously approved funding for the FY 2006-2007 biennium, and added \$4.8 million for FY 2008-2009. It set the FY 2008-2011 funding at \$8.55 M/yr which is the full potential allotment after a “limitation” withholding of nine percent.
- February 2006: Approved \$3.3 million to advance the top three Reserve List projects into the FY 2007-2009 program. This provides \$1,480,000 to the City of Estacada, \$790,000 to City of Woodburn, and \$1,060,000 to City of Eugene.
- April 2006: approved \$318,300 from the TE Discretionary Account to the US Army Corps of Engineers for “Willamette Falls Locks: Rehabilitation and Interim Operations”.

Coordination to Advance Projects

Four projects advanced to construction in FY 2006. Two others advanced to bid but were postponed to reassess scope or financing because bid or estimates were way above the budgeted funds. Most TE projects are actively managed by Local Agency Liaisons in each ODOT region. They are in frequent contact with project sponsors and their consultants to help ensure quality design and timely completion. The TE Program Manager was actively involved in 14 projects, advising on issues relating to scope, funding and schedule changes. She was also active in reviewing Intergovernmental Agreements, determining allowable costs, and working with ODOT region staff to spur progress or decisions on projects.

Tracking Project Delivery and the Balance of Funds

There were 40 active TE projects in FY 2006 (see Appendix 1 for project names and status). The Local Agency Liaisons monitored progress and expenditures on their assigned projects. The TE Program Manager tracked progress and TE expenditures statewide, including STIP and Financial Plan entries. She worked with the ODOT Highway Finance Office through the year to confirm amounts obligated¹ and spent, and the balance available. As agreed in 2005, Metro (the Portland MPO) no longer manages TE funds allocated to the MPO for 1994-2003. In July 2006 five incomplete projects carrying \$6.9 million, and \$40,000 in uncommitted Metro TE funds were absorbed into the statewide TE program.

Outreach and Assistance

The TE Program Manager worked closely with the Bicycle and Pedestrian Program, and attended meetings of the Oregon Bicycle and Pedestrian Advisory Committee and the Local Bicycle/Pedestrian Coordinators. She also served as the Highway Division liaison to the Safe Routes to School program, and attended several meetings of the “Safe Routes to School” Advisory Committee.

In August, the TE Program Manager made a presentation at the “2006 Transportation Conference” hosted by the US Fish and Wildlife Service in Shepherdstown, West Virginia. She discussed TE eligibility and project selection criteria from the state DOT perspective.

PROJECT DELIVERY

Projects Completed

Six TE projects were completed in FY 2006 (see Table 3). They include one TE Discretionary project, three “Local Program” projects awarded through regional selection in 1999, and one initially awarded through statewide competitive selection that was later augmented with Discretionary funds for landscaping. Seven other projects were under contract but not yet complete at the close of FY 2006 (September 30). One of these was completed in November 2006.

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

TABLE 3
Projects Completed in FY 2006

Region	Project	Applicant
1	PORTLAND BIKEWAY NETWORK SIGNING	City of Portland
2	CHAPMAN PLACE – KIGER ISLAND DR <i>(S 3RD St Pedestrian Crossings)</i>	City of Corvallis
2	LOWELL COVERED BRIDGE REHABILITATION	Lane County
2	US-101 @ MP 9.9 UNDERCROSSING <i>for the Fort-to-Sea Trail</i>	ODOT Region 2
2	W HARBOR ST – OREGON COAST HWY <i>(shoulder widen for bike lanes)</i>	City of Warrenton
4	GLACIER-HIGHLAND COUPLET <i>(landscaping and Dry Canyon Trail Undercrossing)</i>	City of Redmond & ODOT Region 4

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 4 shows the results for FY 2006. The FY 2006 performance was consistent with results for 2004 and 2005 except for the higher “dollars obligated” percentage in 2005 due to a few large projects. See Table 5 and “Summary of Funds Obligated” below for further detail.

On-time delivery came in at 63 percent (5 of 8 projects). Three of the projects were selected in 2003 and one in 2005. The fifth was a non-construction Discretionary project that TE and Region 1 staff delivered as part of an Oregon Solutions effort under a very tight schedule. Two of the projects not delivered on time are going to contract in early 2007. The third one is still delayed due to right-of-way, environmental, and design issues.

The FY 2006 construction program also included five projects carried in from prior years. None of those advanced to contract in 2006. Two were originally FY 2005 projects. The others have been in development for more than four years, delayed for various reasons. The sudden rise in construction costs delayed some projects. Others were delayed for completion of right-of-way acquisition not anticipated by local agencies at the time of application.

TABLE 4
Performance Measures for the Transportation Enhancement Program

1. Obligation Success Rate

Definition	Percentage actual vs. intended obligation, tracked in dollars and number of project phases, based on the federal fiscal year (Oct. 1 - Sept. 30). Intended 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	FY'06	61% of dollars	59% of project phases
	FY'04 and '05*	70% of dollars	61% of project phases
	FY'02 and '03*	52% of dollars	53% of project phases
			<i>* 2-year average</i>

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'06 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	FY'06	63%
	FY'04 and '05*	64%
	FY'02 and '03*	55%
		<i>* 2-year average</i>

Summary of Funds Obligated

TE funds are not available for project payments until a formal authorization by the Federal Highway Administration. FHWA authorization allows “obligation of funds” to a specific phase of a project. This allows ODOT to make payments for qualified project expenditures.

One way to gauge progress in the TE program is to track the obligation of funds in each year. Table 5 shows the results for 2006 by percentage of dollars obligated and by percentage of project phases obligated.

In FY 2006 the intended obligation was **\$9,797,000**¹ statewide. The amount obligated was **\$5,981,000** or 61 percent of the dollars intended. Current-year work made up 63 percent of the program but 79 percent of the funds obligated. This suggests that the attention to quality in project selection is paying off with fewer projects being delayed. The only Discretionary project (\$318,000 for Willamette Falls Locks Interim Operations) advanced on time—in fact, in record time with Region 1 and TE Program staff working under a very tight, synchronized schedule to get the project from concept to contract in six months.

In the second part of Table 5, each phase of a project—preliminary engineering, right-of-way, and construction—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. Since there was not an extremely large project dominating the 2006 results, the overall percentage for phases obligated was about the same as for dollars obligated.

Table 5 also shows actual amounts obligated in comparison to each region’s share of the intended (programmed) work for the year. Region 5 exceeded its target share in both dollars and phases obligated. Region 2 was under target for dollars obligated, and Region 1 was under target for phases obligated.

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. However, these statistics often surface in discussions of TE funding at the national level. One figure often cited is the cumulative obligation rate. Oregon obligated about 61% of its TE apportionment² for 1992-2006. This is one percent higher than last year but well below the national average of 74%.

Obligation rates are affected by each state’s laws, policies and staffing levels for local agency assistance, the motivation of TE project sponsors, and how much TE funding the state makes available for TE projects. In Oregon, the OTC allowed only 60 percent of the potential TE funds for FY 2002-2007. With full TE funding restored in 2008, the obligation rate should start to climb. Oregon will also gain a few percentage points when some Region 1 projects delayed from FY 2005 or before go to contract in 2007 and 2008.

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

² About 70% of available funds after Congressional limitation averaging 90% of the appropriated amount.

TABLE 5

FY 2006 Summary of TE Funds Obligated

PART 1: DOLLARS OBLIGATED

	R 1	R 2	R 3	R 4	R 5	All
Obligated	\$3,770,057	\$1,337,675	\$134,031	\$192,919	\$546,438	\$5,981,120
Intended (programmed)	\$5,993,563	\$3,002,035	\$114,854	\$192,919	\$493,515	\$9,796,886
% Dollars Obligated	63%	45%	117%	100%	111%	61%
Average % Dollars, FY 2002-2005	58%	52%	79%	86%	106%	61%
Region's share of FY'06 intended	61%	31%	1%	2%	5%	
Region's share of FY'06 obligated	63%	22%	2%	3%	9%	

PART 2: PROJECT PHASES OBLIGATED

	R 1	R 2	R 3	R 4	R 5	All
Obligated	5	3	2	3	3	16
Intended (programmed)	11	6	4	3	3	27
% Phases Obligated	45%	50%	50%	100%	100%	59%
Average % Phases, FY 2002-2005	47%	51%	77%	73%	100%	56%
Region's share of FY'06 intended	41%	22%	15%	11%	11%	
Region's share of FY'06 obligated	31%	19%	13%	19%	19%	

CONCLUSION

The TE program was successful this year in advancing most of the projects selected in 2003 and 2005. Six projects were completed and opened to the public. Strategies to expedite the programming process succeeded in getting signed agreements in place for all 15 of the new projects selected in 2005. The OTC decision to approve additional funding for FY 2006 and 2007, and full funding for FY 2008 through 2011 was significant for the future of the program. It allowed three “Reserve List” projects to immediately advance for funding and will allow more projects to receive funding in the 2007 selection process.

The program scored a bit lower on its performance measures than in 2005 but fared better than in 2003 and prior years. The \$6.0 million obligated for projects was about seven percent under the average for the four preceding years. The greatest success was in getting new projects started and delivered for construction on time. One particular success was advancing the Willamette Falls Locks project from concept to contract six months. This was an “Oregon Solutions” project that required creative and highly synchronized action by ODOT staff and the many public and private sector partners.

The public comment period in the project selection process generated hundreds of responses from the public. ODOT was able to incorporate that input into the project screening process. There is still a need to refine how the ACTs and MPOs participate. The TE Advisory Committee adopted implementing procedures for the TE Discretionary Account. The process worked well for several projects in 2006. The TE Program remains very popular statewide and continues to attract many more applications than the available funds can accommodate. Its projects often augment or initiate larger livability and revitalization efforts that are very important to the communities involved.