

# Update on Oregon's Least Cost Planning Project

NEXT GENERATION  
PLANNING TOOL

## EXPLORING LEAST COST PLANNING FOR TRANSPORTATION

In an effort to more fully quantify—and therefore identify—the most cost-effective investments, the Oregon legislature provided direction to the Oregon Department of Transportation (ODOT) to develop a least cost planning (LCP) tool for transportation decision making. According to Section 6 of House Bill 2001, least cost planning is:

*“a process of comparing direct and indirect costs of demand and supply options to meet transportation goals, policies or both, where the intent of the process is to identify the most cost-effective mix of options. The Department of Transportation shall, in consultation with local governments and metropolitan planning organizations, develop a least-cost planning model for use as a decision-making tool in the development of plans and projects at both the state and regional level.”*

The utility industry has used least cost planning to identify the least expensive options for providing sufficient electricity to customers. In that industry, LCP considers a wide variety of demand management

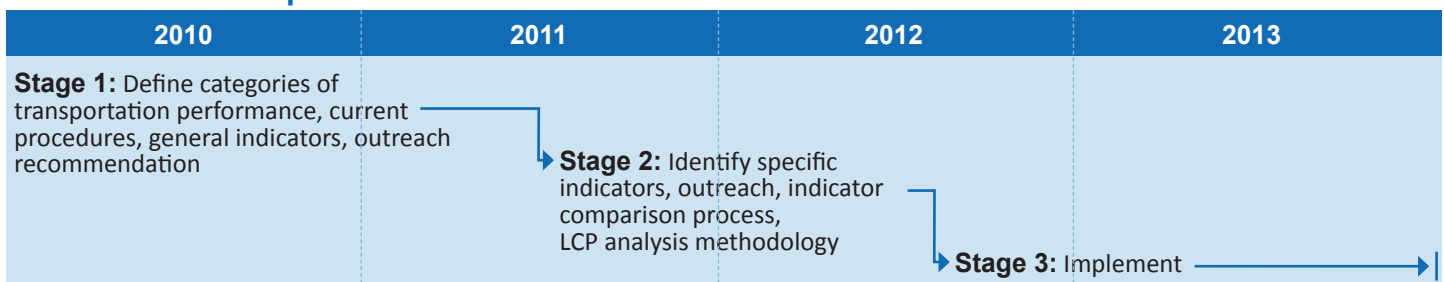
options—from peak period pricing to discounting energy-efficient light bulbs. Because of this success, many have urged that the LCP process be adapted for use in the transportation industry. However, the supply, demand, costs, and benefits for transportation services and facilities are more diverse and complex than for electricity. Oregon’s approach to LCP will reflect these distinctions.

To understand the issues fully, ODOT conducted a survey of agencies that have applied LCP to transportation projects in the United States and around the world. The lessons learned about the opportunities, constraints, and successes of those efforts provide the foundation for the next step, development of an LCP evaluation tool. The results of the survey are summarized in a paper, “The History and Application of LCP for Transportation from the Mid-1990s” (July 2010), available for download on the ODOT Least Cost Planning Website (<http://www.oregon.gov/ODOT/TD/TP/LCP.shtml>).

The focus now has shifted to developing the LCP methodology to be used to help make decisions in Oregon. Though primarily developed for ODOT, this tool may be used by metropolitan planning organizations (MPOs) and other regional bodies and local governments.

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### LCP TOOL Development Timeline



## ▶ WHAT'S HAPPENING NOW?

Work on the first stage of developing the Oregon Least Cost Planning (OLCP) methodology is underway, with plans to deliver a working LCP tool in 2013.

To fully support the contributions and needs of the diverse set of stakeholder interests, ODOT will solicit stakeholder input at each step in the process. Over the coming year, the Oregon LCP process will address these key questions:

- Should Oregon's LCP initially be "project based" or "plan based" (portfolios of projects)?
- What specific environmental, economic, and social transportation system performance measures should be included?
- Which, if any, categories of performance should be expressed in monetary terms, which in other quantitative (numeric) terms, and which in qualitative terms?
- How should demand management options be selected and defined? Demand management includes a wide variety of regulatory, technology, and pricing techniques.
- How can OLCP acknowledge the uncertainties inherent in forecasting and measuring costs and benefits? A variety of techniques (sensitivity analysis, scenario analysis) can be used.

The expected outcome of Stage 1 is a structure for LCP that addresses these questions, explains the proposed uses of OLCP, identifies immediate transportation system performance categories, and defines the scope of what will (and will not) be addressed.

## ▶ WHO IS INVOLVED?

ODOT Transportation Development Division (ODOT TDD) will oversee project development, including management of the technical work and development of recommendations to take to stakeholder and policy-making bodies. ODOT staff are working with a wide range of agencies and stakeholders during Stage 1 of LCP development:

- **STIP Stakeholder Committee (SSC).** This group of approximately 20 people includes representatives from freight, public transit, ports, the Federal Highway Administration, state agency, local government, MPO, and private business. This group was established to provide input to ODOT and the OTC on the development of STIP criteria and LCP. The SSC serves as the project steering committee. ODOT will meet regularly with the SSC to help ensure proposed objectives represent a diverse array of interests.
- **Oregon Transportation Commission (OTC).** The OTC ultimately will provide guidance to ODOT regarding the direction and timing of LCP development. Briefings are planned with the OTC at key milestones throughout project development.
- **Working Group.** The Working Group will consist of transportation agency staff whose expertise is required for successful development and implementation of OLCP. It includes representatives from divisions within ODOT and within the MPOs. Divisions within ODOT represented in this group include the Transportation Planning and Analysis Unit (TPAU), major projects staff, environmental, and region staff.

The public is welcome to participate and comment throughout the process by accessing the project website (see address in the blue box) and attending SSC and other meetings, including meetings of their Area Commission on Transportation (see [http://www.oregon.gov/ODOT/COMM/act\\_main.shtml](http://www.oregon.gov/ODOT/COMM/act_main.shtml) for ACT information).

### TO FIND OUT MORE

For more information, visit the ODOT TDD LCP website at:

<http://www.oregon.gov/ODOT/TD/TP/LCP.shtml>