

# Update on Oregon's Least Cost Planning Project

## NEXT GENERATION PLANNING TOOL

In Oregon, we've always focused on the underlying issues and tradeoffs in transportation decision making and planning. We use a number of planning tools and decision processes, including multi-modal tradeoff analysis, modeling, scenario planning, and cost/benefit analysis. However, making sound, long-term policy and resource allocation decisions has become increasingly challenging as needs have grown, funding has diminished, and a wider variety of modes and desired societal outcomes have become factors to consider.

In 2009, the Oregon state legislature defined least cost planning for Oregon and directed the Oregon Department of Transportation (ODOT) to develop such a process (Oregon Revised Statutes 184.653):

*"Least cost planning means a process for 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."*

ODOT's least cost planning (LCP) effort is an attempt to improve our ability to measure the true costs and benefits of transportation plans, strategies, and actions. In doing so, it will increase transparency and the diversity of information considered in transportation decision making in our state. More importantly, it will help provide a more accurate assessment of potential benefits relative to costs and impacts.

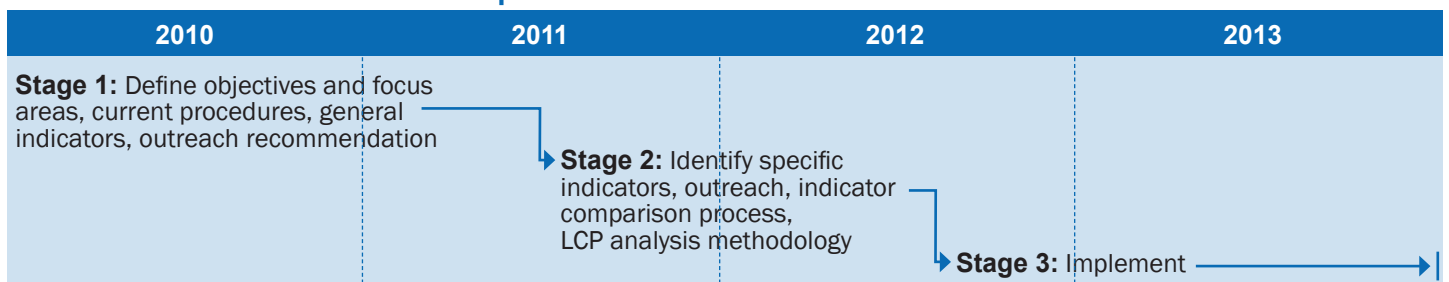
Drawn from research and best practices from around the world, least cost planning will provide a method to evaluate impacts of transportation decisions. Livability, safety, equity, economic vitality, and environmental stewardship will be evaluated side-by-side with traditional considerations such as capital costs. Least cost planning will make it easier for state and regional agencies and governments across the state to incorporate these important considerations into transportation planning and decision making and help identify the most cost-effective, long-term mix of actions.

## Developing the Method

Stakeholders are guiding development of Oregon's least cost planning tool. The **Statewide Transportation Improvement Program (STIP) Stakeholder Committee (SSC)** and a **Working Group** are both central participants with ODOT and the Oregon Transportation Commission (OTC) in the development process. The STIP Stakeholder Committee is a policy group representing the freight industry, public transit, ports, the Federal

Highway Administration, state agencies, local government, metropolitan planning organizations, and private business. This committee has been helping to establish the guiding principles for least cost planning and define what it should accomplish. They've also provided guidance to the project team and the OTC on key questions that will shape least cost planning. The OTC is a governor-appointed body that establishes state transportation policy and guides the planning, development, and management of a statewide integrated transportation network.

## LEAST COST PLANNING Development Timeline



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The Working Group is made up of agency and metropolitan planning organizations staff whose expertise is required for project success. It includes technical resource experts in transportation planning, sustainability, transit, freight, intelligent transportation systems, and modeling. This group has worked closely with the project team and the SSC to develop a list of indicators to be considered in least cost planning. These indicators will evaluate progress in each category of transportation system performance.

## Establishing the Right Parameters

To develop a least cost planning tool, the stakeholders and project team needed to first establish a framework by navigating a series of questions such as those listed below. The answers, consensus-based conclusions of the SSC, help ensure the method accurately reflects Oregon's goals for least cost planning.

- 1. Should Oregon's LCP tool initially be "project based" or "plan based" (portfolios of actions)?**  
**Answer:** Oregon's LCP should focus first on portfolios of actions so that LCP can look first at a broad level to find a range of possible options.
- 2. What kinds of impacts should LCP evaluate or, specifically, what transportation system performance categories should be included?**  
**Answer:** see sidebar on Categories of Transportation System Performance.
- 3. Should Oregon's LCP evaluations be expressed only in monetary terms?** **Answer:** Oregon's LCP should consider monetary, quantitative, and qualitative indicators to effectively evaluate information for all the categories.

In addition to the above, the SSC has provided guidance in areas such as how LCP should discount costs and benefits that occur well into the future, how to incorporate various demand management options (including pricing), and how LCP should address risk and uncertainty.

The stakeholders and project team have now determined LCP's general framework

and are keeping in mind how best to weave LCP into existing decision processes and use existing data and tools.

This initial stage of development provides a practical starting point for this first iteration of least cost planning. While the participants have been careful to focus on practical first steps, the possibilities for broader applications and enhanced future iterations abound! Case study research indicates that least cost planning is a robust decision making method that, for example, could also be applied to project development or local planning efforts.

The public is welcome to participate and comment throughout the process by accessing the project website ([www.oregon.gov/ODOT/TD/TP/LCP.shtml](http://www.oregon.gov/ODOT/TD/TP/LCP.shtml)) and attending SSC and other meetings, including meetings of Area Commissions on Transportation. (See [www.oregon.gov/ODOT/COMM/act\\_main.shtml](http://www.oregon.gov/ODOT/COMM/act_main.shtml) for ACT information.)

## What's Next

During the next stage of LCP development, the stakeholders and project team will develop the specific measures and comparison methods that will move indirect impacts onto the same page as traditional costs and benefits. The products of this next phase of work will be a beta version of the least cost planning tool and a guidebook for how to apply LCP at a state, regional, and corridor level.

### CATEGORIES OF TRANSPORTATION SYSTEM PERFORMANCE



Mobility



Accessibility



Economic Vitality



Environmental Stewardship



Safety and Security



Funding the Transportation System/Finance



Land Use and Growth Management



Quality of Life and Livability



Equity

## TO FIND OUT MORE

please visit

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