OREGON TRANSPORTATION COMMISSION

Minutes of the Regular Monthly Meeting
June 20-21, 2012
Coos Bay, Oregon

On Wednesday, June 20, 2012, at 3:00 p.m., the Oregon Transportation Commission (OTC) and Oregon Department of Transportation (ODOT) staff held a panel discussion with members of the South West Area Commission on Transportation (SWACT), and the South Coast Regional Advisory Committee in the South Umpqua Room, at the Coos Bay Red Lion Hotel, 1313 North Bayshore Drive, Coos Bay, Oregon. That evening, the commission met for dinner with members of SWACT, the Advisory Committee, and ODOT staff for a no-host dinner in the Coquille Room at the Coos Bay Red Lion.

On Thursday, June 21, 2012, at 8:00 a.m., the Oregon Transportation Commission (OTC) and Oregon Department of Transportation (ODOT) staff held a briefing session and reviewed the agenda in the Rogue Room at the Coos Bay Red Lion. The regular monthly meeting began at 9:30 a.m., in the South Umpqua Room.

Notice of these meetings was made by press release of local and statewide media circulation throughout the state. Those attending part or all of the meetings included:

Chair Pat Egan
Commissioner David Lohman
Commissioner Mary Olson
Commissioner Mark Frohnmayer
Commissioner Tammy Baney
Director Matthew Garrett
Chief of Staff Dale Hormann
Deputy Director for Central Services Clyde Saiki
Communications Division Administrator Patrick Cooney
Trans. Development Division Administrator Jerri Bohard
Highway Division Administrator Paul Mather
Region 3 Manager Frank Reading
Region 4 Manager Bob Bryant
Commission Assistant Jacque Carlisle

Wednesday, June 20

Chair Egan called the meeting to order at 3:00 p.m.

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Workshop Item 1 – Panel Discussion

The commission participated in a panel discussion with members of the South West Area Commission on Transportation (SWACT). ***(Background materials in Director/Commission/History Center File, Salem)***

The OTC approved the South West Area Commission of Transportation's initial charter on April 20, 2000, with 15 voting members on the steering team. SWACT is responsible for Coos, Curry, and Douglas Counties.

ODOT Southwest Area Manager Mark Usselman noted that SWACT decided to hold off on updating its charter/bi-laws until it met with the OTC to get a better understanding of what the commission is looking for in terms of membership representation for the different modes. He introduced SWACT members participating in the discussion:

- Martin Callery, SWACT Acting Chair, Port of Coos Bay Chief Commercial Officer
- Chuck Ireland, Ireland Trucking General Manager and CCO
- John Whitty, Partner, Whitty, McDaniel, Bodkin & Combs, LLP
- Bruce Bennett, Coos County Area Transit Service District Transit Manager
- Susan Morgan, Douglas County Commissioner
- Mike Murphy, Port Orford City Administrator
- Brian Davis, City of Roseburg Community Development Director

John Whitty, a former OTC member, agrees with the way *Connect*Oregon funds are divided so each region gets part of the money, and the OTC reserves a portion of the funds for statewide and interregional equity. He did note that when *Connect*Oregon grants are made to a nongovernmental body, the regulations and processes seem to afford nongovernmental bodies a significant advantage if the documents executed at the time of the grant don't preserve some kind of a lien or right to recovery of the money. Terms of the grant guarantee the money will be used for 20 years to keep the project going, but the process for getting the money back if that is not done is not very clear.

Bruce Bennett, Bay Area Chamber of Commerce Transportation Committee Chair, said one of the committee's discussions is the importance of rail, air, marine and highway transportation to their economy, and the need to diversify.

Martin Callery said SWACT is broken into three subgroups: I-5, 38-42, and 101 south. Due to the large geographical area of the ACT, this allows equal representation based on the state highway miles within each of those three regions. He said SWACT is a good example of diverse modal representation, with the exception of commercial aviation. There has been good participation from county and city officials, and a good mix of conversation. He also said he appreciated the meeting last November in Silverton, which brought all the ACTs together in a great opportunity to compare notes on what works and what doesn't.

Susan Morgan, Freight Advisory Committee Member, said the ACT is a well organized, collaborating group of people who have straightforward discussions. There are challenges with bringing private sector representation to the table, mostly due to the economy. Many of the people the ACT would like to have as members are actively running their own companies and simply don't have time. She restated her support for the *Connect*Oregon program, but said one of the challenges of the program is to remain nonpolitical and resist all efforts to try to manipulate the process to weigh it to one region or mode. She urged the

Commission to consider energy as a big piece needed to meet economic needs, and should be an aspect introduced into the conversation.

Chuck Ireland said his focus is on freight, and in these hard times, we all need to pinch pennies.

Brian Davis said this ACT works very well together. He said he understands all the behind-the-scenes work done by the OTC, and appreciates their efforts and time.

Michael Murphy said funding is a perpetual issue for everything, which makes the collaborative effort even more critical. The review processes may seem time consuming and cumbersome, but are beneficial in that they allow the best projects to rise to the top. The transportation system is just that, a system. And a system is only as strong as its weakest link. We need to continue to look at transportation holistically, and recognize that the health of our economy is directly tied to the health of the transportation system.

In preparation for this meeting, the commission posed the following questions for the Area Commission on Transportation members to consider as part of the discussion.

1. What does a successful transportation system look like in your community?
2. Recognizing the financial issues that are affecting transportation, what are the priorities for expending these limited funds? What are some of the opportunities and what are some of the threats to these priorities?
3. What has been the economic impact of the transportation investment made in southwest region of the state?
4. How do the roles of the ACTs and advisory committees change in view of Governor Kitzhaber's direction to the Commission? What do you see as some of the opportunities and some of the difficulties in changing the model?

   Governor Kitzhaber's six principles to OTC (from Governor Kitzhaber's address to the OTC in August 2011)
   - *Do we have the right group of individuals at the table at the beginning of the process to define the problem and solution together?*
   - *Should ODOT manage or own the facility or would it be better managed for a diverse set of outcomes by another agency or jurisdiction?*
   - *Are we creating programs that do not simply invest in the future of the transportation system but meet a multitude of community objectives?*
   - *Does each decision move us closer to a sustainable, safe, low-carbon, multimodal system?*
   - *Does the decision maximize benefit for the least cost under the limited resources?*
   - *Finally, does this decision or policy move us closer to finding a more rational transportation funding mechanism for the future?*

Martin Callery started the discussion by saying he believes SWACT has the right people at the table now, but it will look at additional modal representatives. Overall, the ACT is well

represented within the three subgroups. He agreed that the programs created meet a multitude of community objectives, and we're not simply investing in the future of the transportation system. Programs like *Connect*Oregon have the collaboration that brings it together by taking the limited funds available and looking at how community needs match up.

Susan Morgan added that a great thing about the southwest region is its ability to get the private sector to step up and invest in projects. A good example of the private sector stepping up is the Winchester Interchange, where property owners essentially kicked in the right-of-way for the overpass. One of the biggest challenges faced is maintaining an equal balance in the process between the private and public sectors.

Mike Murphy agreed that keeping all parties involved, including the private sector, was paramount. Oftentimes, those in government who work with this daily and understand it tend to let the private sector drop away. We need to pull them back in and focus on investments from the private sector.

Chair Egan asked what outreach efforts the ACT was employing. Martin Callery said that a lot of the momentum that went into forming the ACT came out of the Bay Area Chamber of Commerce Transportation Committee. At that time, much of the focus was on the highway system. As it evolved, and the system became more sophisticated, the focus became more on how those connections were made, and the benefits to the system in improving the connections. As the ACT reorganizes and refocuses its efforts, additional and more focused outreach will be one of its goals.

Susan Morgan said the ACT also faces the challenge of geography. The Southwest area is far-flung, and traveling to meetings is very time consuming. The ACT needs alternative methods of communicating with each other besides having to motor to the same spot. They need to take advantage of electronic communication, which might also help more of the private sector become involved.

Commissioner Lohman said the ACT in Southern Oregon is also struggling with the transformation to increased electronic communication and with public involvement. He asked if SWACT had discussed what types of modes it would reach out to, and how it planned to select new members. Martin Callery responded that he would like to see the selection of new members handled like a recruitment process. SWACT needs to do a better job of recruiting from the private sector and finding ways to work around scheduling constraints. Recruiting, versus selection, would get a person more engaged and invested in transportation, and with a desire to serve. The Steering Committee, composed of members from the three subgroups, drives the process and makes the final decision on new members.

John Whitty agreed with the need to use technology for communication. He said nothing happens until somebody sells something, or somebody buys something. It's up to this group to find out who the buyers and sellers are.

Commissioner Baney asked what representation SWACT has for bike/ped programs. Martin Callery responded that the ACT is looking for a cohesive group willing to have a participant in the ACT. There are one or two area groups that may be interested in joining SWACT, and it plans to do a recruitment to fill that slot. Susan Morgan added that this is a highly rural area of the state, and unlike metropolitan areas that have high interest in biking, it's harder to find interested parties in this area. Bruce Bennett commented that he is going to the Fall Conference for Public Transit in September, and one of his main contacts has been assigned to the bike/ped committee. He will follow up with comments from that person.

John Whitty expressed concern about funding for transportation, especially for highway, saying that people don't realize that no other money goes to highway outside of what comes from fuel taxes and fuel related things. This message needs to be spread when we are talking to the public, service clubs, etc.

Commissioner Olson said raising funds is a communication issue. There should be a repository of questions and appropriate answers to frequently asked questions, like how many dollars are spent today per mile, versus 20 years ago, or, how many more highway miles do we have today versus 20 years ago.

Mike Murphy said people will support paying if they perceive it as being fair and that everyone that uses the road is paying a fair proportion. Trucks pay a weight-mile tax. How much do other vehicles, like large motor homes, cars, and other users of the transportation system pay? The whole system needs to pay in, and in an equitable fashion.

Martin Callery said that, as part of the communications and education process, people need to understand that the regulatory structure is there for a reason. The regulatory structure has value in that it protects the environment and promotes safety, and it needs to be part of the overall message. People don't understand the benefits.

Susan Morgan stated a need to continue to put a priority on streamlining processes because the process now is so limiting, that the outcomes are uncertain, it takes too long, and it costs a lot of money.

Susan Morgan asked what was happening on a national level around a vehicle-miles-traveled tax. The bottom line, Director Garrett responded, is that the nation is looking at Oregon to lead the way, pioneer this effort, and take the first steps in terms of policy and implementation. There are a lot of academic conversations taking place around the country, but there are tangible products being put on the ground in Oregon, like the Road Usage Pilot program looking at the best way to track miles. Commissioner Olson added that Oregon was also the pioneer in being the very first state to use a gas tax.

Chair Egan ended the discussion by thanking the panel for its participation in this very important discussion.

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Workshop Item 2 – Panel Discussion

The commission participated in a panel discussion with members of the South Coast Regional Advisory Committee about local priorities and projects currently under way or in development. ***(Background materials in Director/Commission/History Center File, Salem)***

South Coast Regional Advisory Committee members participating in the discussion were:

- Jeff Griffin, Regional Solutions Coordinator for Southwest Oregon
- Dave Itzen, Curry County Board of Commissioners member
- Susan Morgan, Douglas County Board of Commissioners member
- Keith Tymchuk, City of Reedsport Mayor

Background:

Governor Kitzhaber formed the Oregon Solutions Network and Regional Advisory Committees as an innovative, collaborative approach to community and economic development in Oregon. The state, in partnership with Oregon colleges and universities, established Regional Solutions Centers throughout Oregon. Each takes a bottom-up approach to development projects working at the local level to identify priorities, solve problems, and seize opportunities to complete projects. These centers integrate state agency work and funding to ensure that projects are completed in the most economical and streamlined process possible.

Panel members discussed local priorities, their communities, and economic development aspects of transportation on the South Coast.

Jeff Griffin started the discussion by giving a brief overview of the Oregon Solutions Network and a few projects it has been involved in.

Keith Tymchuk talked about the South Coast Regional Advisory Committee. He said the committee is directed toward the Port of Coos Bay, which in turn benefits the Coos Rail Line. The more the rail line is used, the more it benefits those using the line, like the American Bridge Company. One of the issues the port faces every year is to guarantee maintenance dredging funding. If there isn't cargo going out over a river mouth, it's hard to identify the value of that river mouth in dredging costs. Yet, that dredging is absolutely critical in those small ports to maintain recreational and commercial fishing. He encouraged the commission to make whatever efforts it could to support funding for ports, especially those small ports up and down the coast of Oregon.

Commissioner Olson, having been a commissioner for the Port of Portland, said she knows how critical it is for small ports to get those dredging dollars. The Pacific Northwest Waterways Association does a good job of lobbying the Army Corps of Engineers for those funds.

Mark Usselman noted the importance of recognizing that the advisory board is made up of volunteers, and the need to appreciate their time when scheduling meetings and such.

Keith Tymchuk said each and every agency he works with has the same message, "we're here to find a way to yes." He applauded this effort, and ODOT's work toward a smooth permitting process for access, which allows local government to market those sites much more effectively.

Commissioner Lohman asked for a status update on the Port of Coos Bay channel modification project. Martin Callery said the port is using Section 203 under the Water Resources Development Act, which means it is basically paying the bill up front. This is different than the normal structure when the Army Corps of Engineers does its general inquiry process. The final draft Environmental Impact Statement and Feasibility Analysis is about one year out, at which time it will be open for public comment. Procurement of federal funding for the next phases will be the next step. If that is not successful, they will continue paying the bills in hopes the Corps of Engineers will adopt whatever construction is done to widen and deepen the channel, and the federal government will pick up the long-term maintenance. If the project does get authorized for funding, some of the costs will be refunded but not all. However, the feeling is this will end up being a private sector funded project.

Commissioner Frohnmayer asked for more information on the freight aspect of the port expansion, and how much of the expansion is reliant on coal transit and how much is reliant on general shipping. Dave Itzen said coal is one of the commodities being looked at with the bulk terminal project, which is still in the early development stage. There are any number of different liquid or dry commodities that could be shipped in bulk, such as inter-modal containers, potash, soda ash, coal, plywood, etc. There is some controversy about the Coos Rail Line movement through Eugene around wait times at intersections and locomotive emissions, but these are things that would be a concern regardless of the commodity shipped.

Commissioner Lohman asked what the cost would be if the channel modification project ends up being paid for by the private sector rather than the federal government. Dave Itzen explained there is a range of numbers because there are a range of options, from just widening the channel at its existing depth, to variations of widening and deepening the channel depending on the different types of cargos they anticipate attracting. At the smallest end, it would be about a $65-100 million capital project, and at the largest, about $260-300 million. What ultimately ends up being done will depend on what private industries they attract to pay for that. At this point, 100 percent of the unit train traffic (trains of 120 to 135 cars in length) would be coal. Manifest train traffic (trains of 5-40 cars in length) are made up of a variety of commodities.

Jeff Griffin talked about some of the transportation priorities in Curry County. Highway 101 fixes are prominent, including lighting and sidewalks, a northbound passing lane, and more work on stabilization of Highway 101.

Director Garrett stresses the need to maximize the advisory aspect of ODOT's relationship with the talent in the Regional Solutions Group and the ACTs, when looking to the future to streamline and reduce redundancy. Keith Tymchuk said it's unofficially synced now because of the large amount of overlap on projects, and the way we interact with each other.

Chair Egan asked for a sense of how things are going on the ground right now. Keith Tymchuk said this conversation started originally with a statement by Curry County that it would be bankrupt by Christmas of 2012. Things are a little better now. There has been some interest from the state, and some effort to patch things together. Jeff Griffin said the governor is focusing on forestry land management as a piece of the solution. Susan Morgan said smaller counties have very little reserve, small budgets, and not a lot of options to fall back on, while the larger counties have more complex economies to fall back on. The short path back to fiscal sanity for all counties is to either renew SafeNet on some kind of a long-term basis, or go back to the original funding formula this was founded on, which is to have those public lands be economic participants in the fiscal vibrancy that was alive in the private economies.

Chair Egan ended the discussion by thanking the panel for their participation in this very important discussion.

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Chair Egan adjourned the meeting at 5:20 p.m.

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Thursday, June 21

Formal Monthly Meeting

At 8:00 a.m. the Oregon Transportation Commission and ODOT staff held a premeeting briefing session and reviewed the agenda in the Rogue Room at the Coos Bay Red Lion, 1313 North Bayshore Drive, Coos Bay Oregon. Highlights of the premeeting were:

A review of the agenda.

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Budget – Paul Mather summarized the discussions with the Commission on the new approach to the ODOT budget – breaking expenditures into two main categories called "Fix-It" and "Enhance." There was a discussion of rail funding, Commissioner Frohnmayer wants information on cost efficiency of passenger rail, Commissioner Lohman said he is skeptical about prioritizing funding for passenger rail, and Commissioner Baney stated the need to articulate the benefits of passenger rail in the Willamette Valley to the rest of the state.

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Recent coverage of Road-User charge – Director Garrett explained that the department's legislative effort on Road-User charge had received widespread media coverage.

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Discussion of ACT membership – Commissioner Lohman related his conversation with the Rogue Valley ACT about the composition of its membership. The ACT related its issue: difficulty recruiting members; concern about "lobbyist" as members; its notion that elected officials already represents everybody. The ACT recognized that equitable structure is important.

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CRC status update – Director Garrett updated the Commission on discussions with the U.S. Coast guard about its concern with bridge height.

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The formal monthly meeting was held in the South Umpqua Conference Room. Chair Egan called the meeting to order at 9:40 a.m.

Coos Bay Mayor Crystal Shoji and North Bend Mayor Rick Wethrell welcomed the Oregon Transportation Commission to Coos Bay.

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Director's Report

Senator Verger

Director Garrett asked Port of Coos Bay Commissioner Caddy McKoewn to help acknowledge the contributions to transportation and state government made by Senator Joanne Verger, who is leaving the senate. He said her strength of character and commitment to doing the right thing is to be admired, as is her understanding that, at its core, politics is about people and relationships, which she demonstrates in her respect and courtesy to others. He expressed his sincere thank you to Senator Verger for everything she has contributed to the agency and state, and gave her an ODOT vest and hard hat as a memento. Commissioner McKoewn, on behalf of the Port of Coos Bay, presented Senator Verger a plaque in appreciation of her contributions to the Port and its communities. Martin Callery of the Port of Coos Bay gave the senator flowers for all she has done to benefit transportation and communities in Oregon.

Senator Verger said the consistency of the agency, and the leadership of its director, are some of the things that has benefited Oregon. The problem is that, because of the consistency of that leadership and the resulting confidence and trust in the agency, the legislature has given ODOT constantly more work. Transportation has changed quite a bit in the ten years she has been involved, and there are many interest groups involved in the decision making. She encouraged the commission to try to get control of the balance between what Oregonians want in the way of transportation, and what we see as a common sense decision. Do not accept something that is being pushed just to meet a standard. It's hard to disappoint people, but over the long run, if you're not disappointing someone sometime, you're probably not doing the best job for the State of Oregon.

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OTC Commissioner Mary Olson

Director Garrett congratulated Commissioner Mary Olson, who was reappointed and confirmed by the senate on May 23, 2012, for another term to the Oregon Transportation Commission. Commissioner Olson's terms are: 3/1/2012 – 6/30/2012, and 7/1/2012 – 6/30/2016.

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Public Comments

Public comment was received from: none

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Interstate 5 Rogue Valley Corridor Plan

The commission considered approval of a request to adopt the Interstate 5 Rogue Valley Corridor Plan. Adoption of this corridor plan implements policies in, and will constitute an amendment to, the 1999 Oregon Highway Plan. ***(Background materials in Director/ Commission/History Center File, Salem)***

Background:

The corridor plan was prepared in coordination with the Cities of Ashland, Talent, Phoenix, Medford, Central Point; Jackson County; Oregon State Police; the Rogue Valley Metropolitan Planning Organization (RVMPO); Department of Land Conservation and Development (DLCD); and sections within the Oregon Department of Transportation. ODOT worked with these jurisdictions to develop a corridor plan, which protects the function of the interstate, and identifies needed improvements over the next 22 to 38 years. A notice of adoption and copy of the plan was also sent to all of the involved cities, Jackson County, DLCD and the RVMPO.

Region 3 Manager Frank Reading and Planning Manager Mike Baker gave a presentation on the corridor plan. Highlights of the presentation were:

- Summary of work tasks
- Issues/challenges
- Plan goals

- Existing facilities
- Future safety deficiencies
- Concept development
- Safety enhancement alternatives
- Transportation system management measures
- Capacity enhancement measures
- Least cost planning alternatives
- Transportation demand management measures
- Evaluation criteria
- Safety enhancement measures

Commissioner Lohman said one of the big problems in this area is local use of the freeway, which wasn't intended for that purpose, causing a pinch-point on the viaduct going over Medford. The issue is what can be done to deal with that use of the freeway, and how to get locals off the freeway and on local roads for local trips by making the local streets serve as an alternative to I-5.

Chair Egan asked if there any gaps in participation by the counties or others who should be involved in the process. Mike Baker said there was good participation by users.

Commissioner Baney moved to approve adoption of the I-5 Rogue Valley Corridor Plan. Commission members unanimously approved the motion.

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Managing the State Highway System for Seismic Resiliency

The commission received an informational presentation on the Oregon Seismic Lifelines Routes study and Seismic Options Report, and participated in a discussion of recommendations and next steps. ***(Background materials in Director/Commission/History Center File, Salem)***

Background:

For 20 years the Oregon Department of Transportation (ODOT) Bridge Section has developed and improved its understanding of the vulnerability of highway bridges to a major seismic event. As technical information has been improved and expanded, more useful and detailed study has been possible to help identify investment needs to improve response and recovery in the event of a Cascadia Subduction Zone or other major earthquake.

More recently, the legislature has taken an interest in seismic resilience in vulnerable areas. In response to House Resolution 3, adopted in 2011, a statewide effort is under way to develop an Oregon Resilience Plan to identify seismic vulnerabilities of critical facilities and resources, and to recommend options to improve resiliency. ODOT Bridge Section is leading the transportation resilience subcommittee. Two projects developed over the last year, which address many of the questions raised in the statewide resiliency discussion on highways and highway bridges, have just been completed.

Transportation Development Division Administrator Jerry Bohard introduced members of the discussion panel:

- Paul Mather, ODOT Highway Division Administrator
- Gary Conner, CH2MHill
- Scott Ashford, STIP Stakeholder Committee Chair and Interim Dean of the College of Engineering, Oregon State University

Scott Ashford said one of his duties, as a member of the National Science Foundation, is to visit sites of recent earthquakes to see what worked and what didn't work. A study of these devastated areas, over the past couple of years, shows that the outstanding impacts on people and business are from the impacts to lifeline facilities, like transportation systems, electrical networks, natural gas, sewer, water, telecommunications, etc. The breakdown of these lifeline facilities has a tremendous impact on people's ability to bounce back after a devastating earthquake.

The Cascadia Subduction Zone stretches from British Columbia to northern California. A magnitude 9 earthquake in this zone would have impacts from the coast, through the I-5 corridor and into the Cascades, and from Canada to northern California. The geographic extent of the impacts will be enormous.

Gary Conner gave a presentation on the study CH2MHill performed to identify seismic lifeline routes. The purpose of the study is to assist ODOT further transportation seismic resiliency. Highlights of the presentation were:

- Project origin – initiated by ODOT Bridge Section to add to the knowledge of seismic vulnerabilities of the highway system
- Purpose – to assist prioritization of system management measures to further seismic resilience
- Route identification products
- Study approach – delivery team, advisory team, evaluation basis, guidelines, route prioritization
- Evaluation framework – goals and objectives, criteria, single parameter criteria evaluation, parameters for multiple criteria evaluations, multiple parameter criteria evaluation, criteria weighting
- Recommended seismic lifeline route identification - Tiers 1, 2, 3, or not a seismic lifeline route designation
- Conclusions – prioritized seismic lifeline route system, engineering evaluations, similar studies

Paul Mather gave a presentation on seismic options. Highlights of the presentation were:

- A history of ODOT seismic mitigation efforts
- An explanation of House Resolution 3 – 2011
- Seismic risks
- Seismic options
- Tier 1, 2, and 3 phase cost estimates
- Retrofit cost

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2013-2015 Agency Request Budget

The commission considered approval of the Oregon Department of Transportation's proposed 2013–2015 Agency Request Budget, Governor's 10-year Plan, and proposed policy packages. ***(Background materials in Director/Commission/History Center File, Salem)***

Deputy Director for Central Services Clyde Saiki said initial presentations have been made to the program funding teams as outlined in the governor's 10-year budget, and the presentations went very well. The teams are in the process of preparing their initial responses, which should be received in a week or two. Once that happens, second-round proposals will be submitted by the end of August, and staff will meet with the program funding teams again in September or October. He introduced ODOT Budget Officer Darryl Ficker who talked about some of the changes and revisions made since the budget was presented to the OTC in May.

Darryl Ficker said the main change was a $157.5 million increase composed of two items, $100 million for *Connect*Oregon V, which is now fully in the budget, and $57.5 in payout to highway projects. Other changes include a $1 placeholder for Policy Package 145 (State Radio Project – Debt Service) until official numbers are received from the Department of Administrative Services, and a change to move the rail package from $14.3 million to $18.7 million. The budget will be submitted for audit in the next few weeks, and as the audit progresses, there may be minor changes.

Commissioner Olson asked for clarification on the process once the budget has been submitted. Darryl Ficker gave a brief overview.

Chair Egan asked for more information on the governor's 11-to-1 ratio (minimum of eleven employees to one manager) and what it means to the agency and this budget. Director Garrett said it compounds the financial realities. ODOT has been engaged in a right-sizing movement for the last few years. Now, we are trying to meet that 1-to-11 ratio, which makes it difficult because we are losing as the process plays itself out. We are looking at these positions and if we need to reclass. If that happens, most positions will be down-classed to lead positions, with supervisory responsibilities removed. There may come a point where we have to lay off supervisors to reach the 1-to-11 point.

Commissioner Baney moved to approve the budget request, 10-year plan, and policy packages. Commission members unanimously approved the motion.

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Chair Egan recessed the meeting for lunch.

Jerri Bohard briefed the commission on the ODOT/Oregon Health Authority relationship, and Travis Brouwer provided an update on the federal reauthorization efforts.

Chair Egan reconvened the meeting.

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Administrative Rule to Implement Senate Bill 264

The commission conducted a public hearing, and considered approval of the adoption of permanent Oregon Administrative Rule 734-051 to implement the requirements of Senate Bill 264 (2011) to take effect upon filing with the Secretary of State, but no later than July 1, 2012. (***Background materials in Director/Commission/History Center File, Salem)***

Background:
Governor Kitzhaber signed Senate Bill 264 in June 2011, and implemented it through temporary rules that went into effect on January 1, 2012. The temporary rules expire 180 days after taking effect, hence the need to approve permanent rules to take effect by July 1, 2012. The permanent rules were open for public comment May 1 through May 21, 2012, and June 1 through June 21, 2012. The Notice of Proposed Rulemaking Hearing established June 21, 2012, as the date for a public hearing on the permanent rules.

Region 4 Manager Bob Bryant presented the permanent rules for approval.

Chair Egan called the Public Hearing to order at 12:31 p.m.

There were no public comments.

Chair Egan adjourned the Public Hearing at 12:35 p.m.

Commissioner Baney moved to approve adoption of the rule. Commission members unanimously approved the motion.

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2015-2018 Funding Allocation and Project Selection Process

The commission received an informational overview of the draft staff recommendations for the 2015-2018 funding scenarios for the "Fix-It" and "Enhance" funding allocations, and project selection process under development. The Enhance category includes projects and programs focused on augmenting or expanding Oregon's transportation infrastructure and

services. The Fix-It category includes projects and programs focused on fixing or preserving the system. The presentation reviewed the draft funding scenarios. The Oregon Transportation Commission's feedback was sought in preparation for public comment and commission approval at its July 2012 meeting. ***(Background materials in Director/Commission/History Center File, Salem)***

Background:
Historically, the OTC has set funding levels for individual transportation programs in the Statewide Transportation Improvement Program. In this process, the OTC will set policy direction by setting funding levels for three targeted areas: Enhance, Fix-It and Statewide priorities.

Jerri Bohard and Paul Mather gave a presentation on changing ODOT's funding allocation and project selection processes. Highlights of the presentation were:

- Direction sought for June – does the information provided give the OTC the necessary information to make decisions in July regarding the following:
  - Enhance and Fix-It category allocations at the three funding levels
  - funding splits between the Enhance and Fix-It categories, using the baseline funding scenario
  - potential range for baseline funding recommendation
  - funding splits for regions, and a portion set aside for OTC allocation
  - confirm decisions from the April OTC meeting about Transportation Growth Management (TGM), Immediate Opportunity Fund (IOF) and Congestion Mitigation and Air Quality (CMAQ)
  - acknowledge that there may be a decision needed regarding recreation trails / Oregon Parks and Recreation Department
- Direction sought for July – approval of a funding allocation packet and approval of the Enhance category application and criteria
- Funding levels
- Category allocations

Chair Egan said this process will be quite different from a planning standpoint, and because it will be such a big shift, there will be questions. Jerri Bohard said there have been many conversations with staff as they work through what the process will be, where to make sure there is statewide consistency across the regions, and where there should be flexibility to the regions. Applications will be viewed from an outcome perspective, which will be different because it is not as black and white because it looks across modes. It's hard to have criteria that work for highway, which would also work for bike/ped processes. A second question staff is wrestling with is what to do with the different criteria that exists, like the STIP criteria for bridge and modernization, or the criteria for bike/ped, transportation enhancement, or flex funds. The thought is to compile that material as criteria for region staff to use when determining the technical merit of a project. Another big question for ODOT staff is when to scope these projects, and how to share the expertise and knowledge across the five regions.

Commissioner Olson asked if there has been any significant push-back from bike/ped groups. Jerri Bohard said she is meeting with the Bike/Ped Advisory Committee in the near future, and would be more qualified to answer that question at next month's meeting.

Commissioner Baney agreed the flexibility will be a big shift, and asked if decisions will be made at the ODOT level or the region level, and what level of flexibility is there for prioritization from the local level? What would a course correction on a project look like, and do we have a mechanism in place to review how well it worked? Jerri Bohard responded that Transportation Demand management staff put the structure together, like programming and project selection, but it's really the regions that will be reviewing for technical merit and scoping. There will be differences in views on things like technical merit because people will look at things from different frames of reference, and different choices might be made because of the geography a person is in. But those are differences we want to see brought out in this process. The regions will work those issues, and ODOT will provide the expertise and training where needed.

Chair Egan said staff need to start thinking about what point in time we would make adjustments, and what that process would look like. He suggested that drafting a one- or two-page memo, which outlines the process for changes and gives assurances future adjustments would be made where necessary, would possibly alleviate some people's angst at the front end. It would let people know their thoughts would be taken into consideration on the process as it goes forward. Commissioner Lohman asked to receive a summary of questions that come up during the next month, along with the answers at next month's OTC meeting.

Chair Egan asked what other states were doing as best practices for this kind of a construct, and if there are any other models out there. Paul Mather said most states are fairly unique due to the many variables they deal with and what each state's constitution mandates regarding the use of state or federal funds. Oregon pushes the envelope more than other states in use of federal funds in other ways, which we saw in the use of ARRA funds. Jerri Bohard said Oregon is probably more willing to have those conversations with local government than most other state DOTs because of the way it engages local government in funding issues and processes. Other states are often amazed at Oregon's relationship with the ACTs. Director Garrett agreed, saying that the most significant difference between Oregon and its sister states, is the relationship it has with local jurisdictions, and the monies that it allocates to them, which is unheard of in many states.

Chair Egan said there will be more comment and discussion of this item before commission approval at the July 18th meeting.

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Consent Calendar

The commission considered approval of the Consent Calendar. ***(Background materials in Director/Commission/History Center File, Salem)***

1. Approve the minutes of the May 16, 2012, commission meeting in Keizer.
2. Confirm the next two Commission meeting dates:
   - Wednesday and Thursday, July 18, 2012, meeting in Keizer
   - Wednesday, August 15-16, 2012, in Baker City
3. Adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.
4. Approve the following Oregon Administrative Rule:
   a. Adoption of 731-030-0170; amendment of 731-030-0010, 0030, 0040, 0050, 0090, 0100, 0110, 0120, 0130, 0150, and 0160; and the repeal of 731-030-0080 relating to Oregon Transportation Infrastructure Fund loans or assistance.
   b. Amendment of 735-010-0000, 0008, 0010, 0030 and 0040 relating to DMV records: available records, fees, processes for ordering.
5. Approve a request to appoint Mr. Ken Roadman to the Winter Recreation Advisory Committee. Mr. Roadman was selected from a pool of interested candidates to serve as a public-at-large member filling a vacancy caused by the resignation of Ron Greb. The appointment will fill the balance of Mr. Greb's term, which will expire in June 2014.
6. Approve a request for the expansion of the Virginia Meissner, Teacup, and White River East Sno-Parks and the removal of Clark Creek parking area from the Sno-Park program.
7. Approve a request to amend Intergovernmental Agreement 26177, reducing the required number of newly created jobs to satisfy the requirements of the Immediate Opportunity Fund grant from 13 to eight positions and to grant an additional 36 months to meet the job creation requirement.

Commissioner Lohman moved to amend Page #9 of consent calendar item one, minutes of the May 16, 2012, OTC meeting. The first sentence, in the second paragraph, should read LNG (to represent Liquefied Natural Gas) instead of L&G. Commission members unanimously approved the amendment.

Commissioner Lohman moved to approve Consent Calendar items two through seven as stated. Commission members unanimously approved the motion.

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Chair Egan adjourned the meeting at 1:22 p.m.

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Pat Egan, Chair

David Lohman, Member

Mary Olson, Member

Mark Frohnmayer, Member

Tammy Baney, Member

Roxanne Van Hess, Commission Support