

OREGON TRANSPORTATION COMMISSION

Minutes of the Regular Monthly Meeting

July 17, 2014

Salem, Oregon

On Thursday, July 17, 2014, at 8:00 a.m., the Oregon Transportation Commission (OTC) and Oregon Department of Transportation (ODOT) staff held a premeeting briefing session and agenda review in the Croisan Creek Room C, at the Salem Convention Center, 200 Commercial Street SE. Salem, Oregon. Highlights of the briefing session were:

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Matt Garrett reviewed the agenda.

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Hal Gard gave an update on crude oil transport.

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The regular monthly meeting began at 9:30 a.m. in the Willamette Room B/C, at the Salem Convention Center.

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 Catherine Mater	Central Services Deputy Director Clyde Saiki
Commissioner Dave Lohman (not present)	Int. Communication Sect. Mgr. Dave Thompson
Commissioner Tammy Baney	DMV Division Administrator Tom McClellan
Commissioner Susan Morgan	Region 1 Manager Jason Tell
Commissioner Alando Simpson	Region 2 Manager Sonny Chickering
Director Matthew Garrett	Region 3 Manager Frank Reading
Assistant Director for Public Affairs Travis Brouwer	Region 4 Manager Bob Bryant
Transportation Safety Div. Admin. Troy Costales	Information System Manager Kurtis Danka
Rail and Public Transit Div. Admin. Hal Gard	Commission Assistant Jacque Carlisle

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Chair Mater called the formal meeting to order at 9:47 a.m.

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Director's Report

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Glenn Jackson Scholarships

Director Garrett announced the winners of this year's Glenn Jackson Scholar Award. The award was established in 1986 for dependents of employees and retirees of the Oregon Department of Transportation and the Oregon Parks and Recreation Department, and consists of \$2,500 per academic year as long as grades are maintained. The award is funded by contributions made by employees of both departments, as well as family, friends, and business associates of the late Glenn Jackson.

Award winner Katie Stellmach was eligible for the scholarship because her father, Greg, works for ODOT. He is a Construction Quality Assurance Engineer, Technical Services Branch in Salem. Katie is working in ODOT's Business Services section for Eryca McCartin and Stefan Hamlin this summer, and will attend Reed College in the fall as a pre-med major. She hopes to pursue a career as a pediatrician. She loves working with children and is considering the fields of reconstructive surgery or neonatal-perinatal medicine. At South Salem High School, Katie was a teacher's assistant for advanced algebra, a cellist in the school orchestra and a member of the school choir. She completed her school's International Baccalaureate program and has also been active with her church youth group.

Award winner Trenton Gallagher's father Dale works for ODOT in Region 1, Cascade Locks District 2C as a Transportation Maintenance Specialist. Trenton, a graduate of Hood River Valley High School, plans to attend Oregon State University to pursue a degree in chemical engineering. In high school, he was involved with science, earning an internship at the Mid-Columbia Agricultural Research and Extension Center – the first they've accepted in ten years. He was president of his school's pep club and did a lot of volunteer work in the community. He also has an interest in education, working as a teacher's assistant with Spanish-speaking children at a migrant school.

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ODOT RealTime System

Director Garrett talked about new technology opportunities ODOT is seeing in the Portland/Metro area. On Thursday July 10, ODOT launched the first in a series of projects that use new technologies to improve safety, reduce secondary crashes, and provide people with information to help them safely get to where they are going. The ODOT RealTime System employs sensors in and along the roads that accurately convey travel times to motorists and establish advisory speed limits that tell motorists to slow down for a crash, stall or other delay on the road ahead. These technologies provide travelers with information so they can make more informed decisions. ODOT is trying to do more with the reduced funds available; this is a way to make the system more efficient without the huge cost of adding lanes. These systems will help travelers get to and from their homes safely and on schedule.

Director Garrett introduced ODOT Region 1 Manager Jason Tell who showed a brief video on the RealTime program.

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Public Comments

Public comments - None

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The Oregon Transportation Forum

The Commission received an informational presentation about the origin of the Oregon Transportation Forum, its membership, mission, purpose, and how it operates. Victory Group Inc., President Craig Campbell gave the presentation. **(Background materials in Director/Commission/History Center File, Salem.)**

Background:

The Oregon Transportation Forum (OTF) is a membership organization that encourages development and maintenance of transportation modes for the safe and efficient movement of people and products to encourage integration of highway transportation with other modes including pedestrian, bicycle, air, transit, marine, and rail. The group includes a large number of members across the spectrum of transportation stakeholders representing the business community, transportation agencies, user groups, and others. The Forum provides members an opportunity to network with elected officials and with leaders in the transportation community.

The OTF is developing options for transportation funding and policy legislation in the 2015 legislative session. The OTF has created groups within its membership to flesh out options in the following areas:

- **Enhance**, focused on improvements to the system across all modes
- **Fix-It**, focused on maintaining the system and current service levels
- **Innovation**, focused on new funding and policy options

Presentation:

Craig Campbell started the discussion by introducing Forum Subcommittee on Innovation Chair Randy Tucker. He gave a quick background of the forum and how it was originally the Oregon Highway Users Alliance. ODOT was preparing for the Oregon Jobs and Transportation Act in 2008-2009 and realized it needed to change its perspective on how it addressed transportation issues, policy, and the way it was discussed. The committee formed to work the issue was the first time that everyone who had an interest in transportation policy and funding were around the same table. As a result, they became familiar with the issues, and highway-minded thinkers got a better understanding of issues the environmental community had been raising, and they got to know each other on a personal level and knew who they were talking to across the table.

The membership, board structure, and bylaws were changed to include not only highway users, but representatives of all modes, along with representatives from the environmental community, the land use community, businesses, and all levels of local government. Decision making was changed to assure that every mode had the ability to state its opinion.

At the Governor's request, the forum is looking at transportation needs and funding in 2015. Four committees broke out of that discussion to look more discretely at areas that needed attention: maintaining the existing system, enhancing the existing structure, transportation and funding innovations, and lastly, communications, which will include an educational program for legislators. Specific challenges the forum faces include how to maintain an all-mode transportation system traditionally separated by modes and the issues associated with non-highway funding.

Metro Legislative Affairs Manager Randy Tucker chairs the Subcommittee on Innovation and said fuel efficiencies and the flat, fixed-rate transportation fees and taxes are eroding revenues, and he talked about some of the alternatives discussed to keep from falling further behind.

Discussion:

Commissioner Baney noted that the Department of Human Services (DHS) is involved and encouraged the addition of Oregon Health Authority (OHA) participation.



SOLVE

The Commission received an informational presentation about the SOLVE program from SOLVE Executive Director Maureen Fisher, Development Director Kris Carico, Statewide Program Manager Quintin Bauer, and Restoration and Education Programs Manager Kris Taylor. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

SOLVE was formed in 1969 by Governor Tom McCall to mobilize the community to protect and preserve Oregon's land, water, and air.

The original call-to-action was to Stop Oregon Litter and Vandalism (SOLV). The organization has evolved (and changed its name) to SOLVE broader environmental challenges: moving from acronym to action. The annual beach clean-ups SOLVE is recognized for are a small amount of the work the organization does every day to keep Oregon clean and green. Its vision encompasses four actions:

- *clean communities and natural areas through removal of trash and invasive plants*
- *restore land/rivers through the planting and maintenance of native trees and shrubs*
- *educate through service learning programs in local watersheds and in schools*
- *involve the Oregon community through volunteerism in seven annual programs*

Presentation:

Maureen Fisher began by introducing Solve Statewide Program Manager Quintin Bauer, Restoration and Education Programs Manager Kris Taylor, and Development Director Kris Carico. Highlights of the presentation on SOLVE were:

- its mission – to bring Oregonians together to improve the environment and build a legacy of stewardship
- project guidelines – improve environment, statewide, public property, community driven, reconnect to nature, hands-on learning, tangible results, and non-political
- project support – statewide effort, planning support from SOLVE staff, free project supplies, basic insurance for key volunteers, marketing materials, event promotion, recruitment assistance, and small grants
- SOLVE programs
 - Oregon Adopt-a-River
 - Project Oregon
 - Statewide one-day events: beach and riverside cleanups, Earth Day
 - Green Team
 - Team Up for Watershed Health
 - Litter cleanup and prevention education

Discussion:

Chair Mater congratulated SOLVE for the quality of its programs and the work it does.

Commissioner Morgan asked how SOLVE is funded. Maureen Fisher responded that about 24 percent of SOLVE’s funding is from government contracts, with the rest coming from business sponsorships, donations, and partnerships like the one with ODOT.

Commissioner Simpson thanked SOLVE members for the important leadership position it’s taking in getting youth active and thinking innovatively about sustainability and preserving the environment. He asked if SOLVE was partnering with any organizations in underserved communities, where you see a disconnect with youth in those communities because they are not exposed to natural spaces. Kris Taylor responded that she had just returned from a workshop put on by Yale University on the subject of how to get youth from rural areas incorporated into doing more healthy activities. It’s starting to register that the strategy used in urban areas is not necessarily the right strategy to use for rural areas.

Chair Mater congratulated them on having such a fine program and said the OTC would help if there was anything SOLVE needed to grow its organization’s level of success and activity.

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Port of Portland Briefing

The Commission received a briefing on activities at the Port of Portland, including an update on The Greater Portland Export Initiative and findings from the Westside Freight Logistics Study. ODOT Region Planning and Development Manager Rian Windsheimer, Oregon Freight Advisory Committee Chair Susie Lahsene, and Vice President of Regional Strategy and Coordination at Greater Portland Inc., Derrick Olsen gave the briefing. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Port of Portland was created in 1891 by the Oregon Legislature to dredge and maintain a shipping channel from the City of Portland to the Pacific Ocean. The Port's mission is to enhance the region's economy and quality of life by providing efficient cargo and air passenger access to national and global markets. This is accomplished through the management and development of one international airport, two commercial airports, four marine terminals and more than 10,000 acres of industrial land.

With annual exports of more than \$21 billion, the broader Portland region is one of only four regions in the nation that doubled exports in the past decade. The Portland region is poised to do the same again in half the time. The Greater Portland Export Initiative, developed in conjunction with the Brookings Institution, is a plan developed to help local companies access global markets and grow local jobs. The region's plan includes four strategies supporting export expansion of Portland area businesses.

The Westside Freight and Logistics Analysis was one of the actions to be completed to implement the first of the four strategies. The study determined critical freight movement to identify improvements to the surface transportation system, travel patterns or other options to improve business fluidity.

Presentation:

Susie Lahsene started the presentation by giving a brief history of the Port of Portland. Highlights of the presentation on the Port of Portland and the Brookings Institute 2012 export report were:

- creating possibilities and opportunities
- consolidated port with four marine terminals, three airports, and six business parks
- PDX – 10,000 jobs, 15 million passengers in 2013, and 210,000 tons air cargo
- marine terminals provide global access for Oregon – second largest West Coast auto imports, third largest grain export region in the world, 100,000 – 200,000 containers moved annually
- budget – general fund revenue from operations and taxes, aviation specific fund revenue from operations
- impacts of aviation and maritime activity on employment, revenue, tax contributions, ConnectOregon port projects
- Portland ranked in top 15 U.S. metro areas ranked by value of exports
- regional export goals and industry needs
- freight consolidation at PDX is key to moving west side computer and electronics to international markets
- short-term solutions – projects with the potential to increase travel time reliability and can be implemented quickly: enhanced traveler information, U.S. 26 truck ramp meter bypass, and enhanced freeway incident response

Discussion:

Derrick Olsen showed a video that discussed the Greater Portland Export Initiative and the importance of trade to the State of Oregon.

Chair Mater clarified that a table shown on exports indicates products manufactured in the greater Portland area, and not products produced elsewhere and then shipped through the port. She asked if similar analysis was available for all products flowing through PDX relative to export, and what that might look like. Derrick Olsen said federal statistics tend to often show goods where they are shipped out of, not where they are produced. The Brookings Institute's focus is on where the goods are produced because, while the port can have an impact on the shipment, it's harder to impact cities and counties. Susie Lahsene said the port has information relative to statewide commodity flow going through the Portland region. Chair Mater asked that access to that information be made available to her, updated and with some projections moving forward, given some of the most recent discussions.

Susie Lahsene talked about the incredible relationship and partnership between the Port and ODOT. The Port relies on the transportation system heavily to get access to its facilities, and having those transportation facilities perform efficiently and effectively to serve the business that rely on the port is critical. She discussed a few of the *ConnectOregon* projects that resulted from that partnership: the Ramsey Rail Yard, the Terminal 4 pipeline, Dredge Oregon, and the North Runway extension.

Ryan Windsheimer talked about ODOT's investments through not only *ConnectOregon* projects, but also through the State Transportation Improvement Program (STIP). The investments at PDX aren't just about the greater Portland area, it's also about the rest of the state by improving reliability and decreasing bottlenecks.

Commissioner Morgan said she appreciated the comments on the importance of the Port to the regional economy, and the quality of the jobs created by the opportunities the Port provides for business. She also appreciates to comments that we are an export dependent state and that much of what we do involves servicing the Pacific Rim partners we have. Commissioner Morgan pointed out that the role the Port plays in the Metro region economy is the same role smaller regional ports play on the regional economy in the part of the state those ports are located, up and down the rivers and coast of Oregon. The importance the *ConnectOregon* program has played in being able to work public/private partnerships to leverage the investments on both sides of that equation is something we need to bear in mind.

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Oregon Freight Advisory Committee (OFAC) 2013 End of Year Report

The Commission received an informational presentation from the Oregon Freight Advisory Committee (OFAC) Chairs about the OFAC 2013 End of Year Report. Presenting the report were Transportation Development Division Administrator Jerri Bohard, Oregon Freight Advisory Committee Chair Susie Lahsene, and Oregon Freight Advisory Committee Vice-Chair Martin Callery. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Oregon Freight Advisory Committee provides the Oregon Transportation Commission with an End of Year report to apprise the Commission on activities and work completed as required in its Bylaws adopted by the OTC, May 2005. This report summarizes the input provided to the OTC during 2013, along with an overview of freight-related activities undertaken by the committee. Chair Susie Lahsene and Vice Chair Martin Callery will discuss OFAC's accomplishments in 2013 and goals for 2014.

Discussion:

Jerri Bohard introduced Oregon Freight Advisory Committee Chair Susie Lahsene and Oregon Freight Advisory Committee Vice-Chair Martin Callery. Lahsene started the discussion by highlighting some of the activities the OFAC has been involved in the past year, some of the challenges faced during the STIP process, and updating the highway freight bottleneck list. Two of Oregon's bottlenecks are on the national list of top 100 freight bottlenecks in the nation: The Columbia River Crossing and the Rose Quarter.

Looking to the future, the committee hopes the state continues to push to have a statewide investment strategy for transportation. A transportation improvement plan that accounts for all the modes is what works. There is more emphasis on freight at the national level so it's important to keep current and be proactive on things like technology, and in having ways to measure the performance of the system.

Martin Callery, the Chief Operating Officer for the Port of Coos Bay, said one of the most critical elements of OFAC, in its advisory role to the OTC, is its ability to ask the difficult questions, and do so with integrity.

Susie Lahsene answered questions from the Commission on how OFAC processed bike/ped type projects, and how it handled the ranking process in the recent *ConnectOregon* process.



Oregon Transportation Infrastructure Bank (OTIB) Loan

The Commission considered approval of an Oregon Transportation Infrastructure Bank (OTIB) loan totaling \$10 million to the City of Medford for preliminary engineering, right-of-way acquisition, and capital construction for the section of Foothill Road between Hillcrest and McAndrews streets. The OTIB loan will make up 77 percent of the project funding. The remaining amount will be funded by a recently awarded Congestion Mitigation and Air Quality grant. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The City of Medford submitted an OTIB loan application totaling \$10 million for preliminary engineering, right-of-way acquisition, and capital construction for the section of Foothill Road between the streets of Hillcrest and McAndrews.

The Foothill Road – Hillcrest to McAndrews project is part of a north-south regional arterial that connects Phoenix (and the now-under-construction Fern Valley Interchange) to White City and Eagle Point. The corridor currently carries volumes that exceed 11,000 average daily trips within the Medford Urban Growth Boundary. This number is anticipated to grow once additional capacity is provided, as there is likely a high latent demand along the corridor due to congestion on Interstate 5 and other major north-south roads in the area. Further, the largest developable lands in Medford are along the corridor or are in close proximity.

Foothill Road is a two-lane county road with little or no shoulders and no bicycle or pedestrian facilities. The project would widen Foothill Road from Hillcrest Road to McAndrews Road to a major arterial standard and will include two lanes in each direction along with bike lanes and sidewalks. It is a phase of the corridor that extends a previous major investment the city constructed that widened and connected North Phoenix Road to Foothill at Hillcrest. This next phase of the project will improve Foothill to the ramp terminals of the McAndrews interchange, which is approximately 4,500 feet in length.

Under the Oregon Transportation Infrastructure Bank OARs, OTIB loan requests in excess of \$1 million must be approved by the Oregon Transportation Commission. OTIB and Region 3 staff reviewed and scored the city's loan application and financial statements according to guidelines laid out in Oregon Administrative Rule (OAR) 731-030-0100. Region staff analyzed the project from a technical standpoint, and considered regional transportation impacts of the project. Key findings by the region in support of the project include:

- The Project is Federal-aid eligible and is included in Medford's Transportation System Plan, the Rogue Valley Regional Transportation Plan and will be adopted in the 2015-2018 State Transportation Improvement Plan (STIP).*
- The Project will be designed to meet American Association of State Highway and Transportation Officials (AASHTO) standards.*
- OTIB funding will allow the project to begin construction sooner than conventional funding would allow. For example, the city would likely need to delay the project until sufficient systems development charges (SDC) or gas tax funds could be accumulated to allow the project to be programmed, or the city may be able to apply for federal **Enhance** funding in fiscal year (FY) 2018 or later.*
- The project will contribute to increased safety for the traveling public, pedestrians and cyclists in particular.*
- The project will manage traffic growth by providing more capacity in an area with expected growth.*

OTIB staff analyzed the project's proposed funding from a financial standpoint, with particular attention to the city's potential and capacity to repay any loan funding. Key findings by OTIB staff in support of the project include:

- The city is currently rated "AA-" and "Aa3" by Moody's Investor Services and Standard & Poor's, respectively, indicating the city has high credit worthiness.*
- The loan would be repaid with SDC revenues, which is considered an innovative source of project financing.*
- The loan terms are manageable, with a 10-year repayment period.*

- *The project will likely have a positive economic impact in the area, as the project will cut through undeveloped land, potentially allowing for new development due to ease of access for transportation.*

The impact to the city could be significant if the OTIB loan is not approved for this project. As documented by region staff, a rejection of OTIB funding could delay the project start to FY 2018 or later. As an alternative to the OTIB, the city may be able to finance the project through the municipal bond market or a commercial lender. This would likely lead to a higher cost of funds for the city. However, the city may not currently have the additional financial resources necessary to pursue this alternative financing. The cost difference between an OTIB loan and other debt financing is variable depending on the source of the alternative financing. The OTIB offered interest rate, which is equivalent to that which an AA-rated municipality could achieve in the municipal market, is one notch above what the city would be able to secure on its own. The use of the OTIB undoubtedly lends itself to interest cost savings for the city. In addition to interest cost savings, the city could also realize lower borrowing fees with an OTIB loan, as the flat one percent rate charged by OTIB to originate the loan is generally lower than the costs of issuance for the professional services necessary to issue a municipal bond or close on a commercial bank loan.

The OTIB loan will make up 77 percent of the Project's funding. The remaining amount will be funded by a recently awarded Congestion Mitigation and Air Quality grant.

OTIB Status and Recommendations: OTIB has an available cash balance of \$19,956,739 as of May 31, 2014. The OTIB has 12 loans outstanding with an aggregate balance of \$18,020,386. An additional \$17,986,640 in funds is obligated across seven undrawn loans in the OTIB portfolio, primarily to fund the local contribution to Phase 1 of the Newberg-Dundee Bypass project.

A large balance of the OTIB's initial federal funding remains unallocated by the bank as of May 31, 2014. As the project is federal-aid eligible and already planning to be completed according to all federal rules and regulations, OTIB will benefit from the utilization of those funds for the city. Typically borrowers are unable to use OTIB's federal dollars, as its use would necessarily federalize their projects, which can cause added expense and increased complexity that many municipal borrowers wish to avoid.

If the proposed loan is approved, OTIB will have a remaining available balance of approximately \$10 million. Of this amount, \$2,583,543 is dedicated solely to transit purposes. OTIB staff has received project proposals to date from the City of Ashland (\$3,960,900), the City of La Pine (\$200,000) and the Rogue Valley Transit District (\$269,050). Complete applications for these potential borrowers are expected to be received in the next several months.

OTIB staff has observed a considerable increase in actual and potential loan activity over the past few years. We expect continued interest in the OTIB as a funding source for local government projects in the near future. This is principally due to increasing transportation infrastructure requirements and the ongoing education and outreach to ODOT regional staff and potential local government borrowers.

The project is eligible for OTIB assistance and adequate funds will be available in the OTIB for this loan. Based on the review and analysis of the OTIB and ODOT Region 3 staff it is recommended that the Commission approve the city's request for an OTIB loan in the amount of \$10 million for the project.

Presentation:

ODOT Region 3 Manager Frank Reading introduced ODOT Debt and Investments Manager Lee Helgerson and Transportation Manager for the City of Medford Alex Georgevitch. Helgerson started the discussion by giving the Commission some background information on the bank and its OTIB loan system. Georgevitch shared some details specific to the Foothill Road project.

Discussion:

Commissioner Baney said that in light of the renewed interest in OTIB funding from other municipalities, she is a little concerned about taking half of OTIB's funds and giving them to one project. Lee Helgerson explained that this is a large loan amount, but not the largest OTIB has ever had. OTIB has been in effect since 1996 and hasn't done a lot of business. It's adamant about loaning the money out, because that's how it makes money and recharges itself. Since the bank has not had a lot of activity, loans were usually made on a first come, first served basis. This new interest in the bank means it might have to look at what it wants to be going forward. Do we want to look for additional funding sources?

Action:

Commissioner Morgan moved to approve the OTIB loan for \$10 million to the City of Medford for the Foothill Road between Hillcrest and McAndrews Street project. Commission members unanimously approved the motion.

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Policy Option Package Update

The Commission considered approval to add \$32,786,399 Other Funds to the Agency Requested Budget for 2015-2017 for the Driver and Motor Vehicle Services (DMV) Systems Modernization Program Policy Option Package. Deputy Director for Central Services Clyde Saiki and ODOT Driver and Motor Vehicle Services Division Administrator Tom McClellan delivered the request. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Oregon Transportation Commission approved a Policy Option Package (POP) placeholder request (\$1) at its June 2014 meeting with instructions for the Oregon Department of Transportation to return to the July meeting for a more complete discussion of the DMV Systems Modernization Program and the Agency Requested Budget for 2015-2017.

DMV depends heavily upon computer systems to deliver products and services to thousands of Oregonians every day. The core DMV systems are 40-50 years old and cannot keep pace with

today's expectations of a modern state government agency. The current systems force significant limitations on business processes and the ability to serve customers. Additionally, the current systems place burdens upon staff to compensate for inherent weaknesses in those systems, and prevent DMV from achieving its vision of highly effective and efficient service delivery. DMV's computer systems cannot adapt quickly to ever-changing needs from new legislation, improved business processes, customer service expectations, security requirements, and fraud risks. Systems that cannot evolve to meet new requirements hold an agency back both operationally and technically.

DMV contracted with Mathtech, Inc. to help discern a vision of DMV business operations that moves beyond current limitations. The consultants analyzed business needs, the gap between current system capabilities and future business needs, and DMV modernization projects undertaken within other states. The final deliverable, a Strategic Information Systems Plan, outlines key steps and timelines for achieving a technological transformation that supports DMV's long-term goals. The report gives a high-level overview of a compelling business case to invest in DMV computer systems, while also describing a logical and phased approach to this multiyear strategy.

The budget request for the 2015-2017 biennium includes \$32,786,400 Other Funds and 48 positions to begin the first two years of the DMV Systems Modernization Program. The package establishes a DMV Transformation Office (seven positions) to provide program leadership, procurement, finance, and change management expertise. The program includes analyst positions and filling behind DMV "business" resources (18 positions) to develop new business processes and assist with defining business requirements, training employees, and writing employee operating procedures. The package also includes Information Systems (IS) employees (23 positions) for application development, project management, and technical expertise for the systems modernization program. Personal Services represent only 23 percent of the total budget package. The budget package includes funds to acquire a software package or obtain contracted software development services.

Phase One Scope - The initial phase of projects includes incremental rollout of a MyDMV Transaction Center where customers can perform online transactions, maintain their profile, and track their transactions. It also includes a point-of-sale system for field offices and central groups to collect payments with a complete "cash register" capability with multiple payment options. The initial phase anticipates start-up work to replace the first core systems (Vehicle Title/Registration; Business Licensing/Regulation), which will bring substantial changes to current title and registration business processes. The return on this investment depends upon the solution and vendor selected, but examples include a potential 25 percent reduction in paper forms and postage (\$1.6 million per year) and reduction in special processed transactions due to errors (\$4.2 million per year).

Staffing Plan - The budget package includes permanent positions due to the 8-10 year timeline anticipated for the program, although the overall staffing level will decrease through attrition and position management actions. A lesson learned from Cover Oregon is that too many temporary and limited duration staff were hired, resulting in high turnover and retention issues. Total FTE required for 2015-17 may be less than requested depending upon recruitment

strategies and project launch timelines. No more positions than currently authorized for DMV and Information Systems are anticipated at program closeout.

Funding Source - DMV proposed a temporary surcharge on high-volume services to finance the investment in new technology. However, this legislative concept was not adopted by the Commission, resulting in a commitment of Highway Funds for the program over several biennia. If funding is discontinued, DMV will scale back the program (scope and schedule) to ensure incremental benefits to the agency and carry forward unspent funds to the next budget period to close out the projects underway.

Procurement Strategies - DMV intends to focus on vendors with a proven track record of successfully implementing DMV systems and/or closely related systems. This will lessen the risk of investments of this type and scope.

Presentation:

Deputy Director for Central Services Clyde Saiki introduced DMV Administrator Tom McClellan who said the need for this project has already been established, so he would respond to some questions previously provided by the OTC.

- How will the program be funded? DMV fees, and a surcharge fee currently deferred by the Commission.
- What outcomes are anticipated during the 2015-17 biennium? Heavy lifting of foundation; a robust and transparent governance structure; define and procure the first set of core systems (vehicle title system), and placement of point-of-sale systems so DMV field offices can accept debit/credit payments.
- What will happen to the programs if funding is not continued beyond the next two years? Contingency planning is a normal part of DMV; planned projects will be delayed until sufficient resources are secured.
- How will this program succeed where other large IT projects in other state agencies have not? This project differs markedly from recent projects and has built a long list of “lessons learned” from failed initiatives, and DMV has strong IT governance and project management capabilities.
- Why are we requesting permanent positions? A finding of the Cover Oregon data showed that project relied too much on temporary staff, and qualified staff members on the project were constantly looking for other permanent positions. In addition, about 50 percent of the current IT staff could retire within the next three years. As we add permanent positions, positions will be eliminated along the way as they are vacated and reevaluated.
- What steps will the agency take to mitigate risk? DMV will follow standards set at the statewide level, including a “stage-gate” process for launching projects and utilizing quality assurance and system integrator systems. Preference will be given to proven vendors only.

Discussion:

Commissioner Morgan said she appreciates how McClellan and Saiki have answered all their questions and the microscope they have allowed the OTC to use scrutinizing the project. This scrutiny will be helpful when this goes to the legislature. The current system is a very

antiquated and expensive system and we would be truly remiss to not look at a much more modern, forward-looking, electronically-based way of providing services that would be much friendlier to the citizens of Oregon.

Commissioner Simpson asked at what point, once this is implemented, positions will tend to scale down. Tom McClellan said there may be some savings in the next two years, but he anticipates the main savings will be found in the third through sixth or seventh years.

Action:

Commissioner Baney moved to approve replacing the one dollar placeholder with \$32,786,400 and 48 positions. Commission members unanimously approved the motion.

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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 June 19-20, 2014, Commission meeting in Bend.
2. Confirm the next two Commission meeting dates:
 - Thursday and Friday, August 21-22, 2014, meeting in Ontario
 - Thursday, September 18, 2014, meeting in Salem.
3. Request approval to adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.
4. Request approval in accordance with the Roadway Jurisdictional Transfer Process policy ROW 10-01-01 of the transfer of right-of-way and jurisdiction for a portion of the Oregon 126B-McKenzie Highway (State Highway No. 15) and Oregon 126B-McVay Highway (State Highway No. 225) from the Oregon Department of Transportation (ODOT) to the City of Springfield and authorize the Highway Division Administrator to execute the agreements.

Action:

Commissioner Baney moved to approve the Consent Calendar. Commission members unanimously approved the motion.



The OTC broke for lunch at 12:27 p.m. Travis Brouwer gave an update on federal funding. The Commission reconvened in formal session at 1:40 p.m.



ConnectOregon V

The Commission received a presentation and conducted a public hearing on the project selection results from the *ConnectOregon V* Final Review Committee. Transportation Development Division Administrator Jerri Bohard, ODOT Freight Program Manager Chris Cummings, and *ConnectOregon V* Final Review Committee Chair Bill Thorndike presented the results. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The 2013 Legislature authorized \$42 million to fund ConnectOregon V with a guarantee that a minimum of \$4.2 million in funding be allocated to each of the five ConnectOregon regions. This \$42 million is in addition to \$340 million authorized previously by the Oregon Legislature for ConnectOregon I through IV. For the previous four rounds of ConnectOregon, ODOT received 348 project applications and funded 146 projects with a total leverage of non-ConnectOregon funds of approximately \$499 million. Of the 146 projects, 113 are complete with the remaining at various stages of design and construction.

ODOT initially received 109 ConnectOregon V applications for funding. After an initial eligibility review of all applications, three applications were determined to be ineligible for ConnectOregon V funds. Ineligible applicants were notified of ODOT's decision and given an opportunity to appeal. None of the three ineligible applicants appealed. Additionally, during the committee review process, two applications were withdrawn. The Final Review Committee assessed 104 applications with a total request of \$124,384,928. The Committee prioritized the projects reviewed with the goal of selecting the best projects to benefit air, marine, public transit, bicycle/pedestrian, and rail transportation throughout Oregon.

ConnectOregon staff, which includes staff from ODOT, the Oregon Business Development Department and the Oregon Department of Aviation, reviewed each application for completeness, feasibility, and eligibility. Additionally, applications received a statutory consideration review by appropriate modal staff. Each application also received two economic benefit evaluations: one from an ODOT economist and one from a Business Oregon Business Development Officer. The statutory consideration and economic benefit assessments and scores were included in the review materials provided to all subsequent review committees. The appropriate modal committee (aviation, transit, rail, marine, freight or bicycle/pedestrian) reviewed each application and recommended prioritization. These committee recommendations were forwarded to the appropriate regional review committee, usually the Area Commissions on Transportation, or in the case of Region 1, a special committee appointed by the Director, to prioritize projects. Recommendations from the modal and regional review committees were then forwarded to the 26-member Final Review Committee appointed by Director Garrett for consideration and final prioritization.

The Final Review Committee was chaired by Bill Thorndike of Medford Fabrications Inc. ConnectOregon V was Mr. Thorndike's second appearance as Final Review Committee Chair, as he also chaired the committee for ConnectOregon IV. In addition to the Chair, the Final Review Committee was comprised of representatives of each Modal Review Committee and Regional

Review Committee, many of whom have served on the committee in previous ConnectOregon programs, for a total of 26 members.

The Final Review Committee reviewed and discussed project materials and prepared a formal recommendation to the Commission. The Committee recommended 37 of the 104 applications be funded for \$42,369,189.63 from monies available from the bond sale authorized by Senate Bill 5533 (2013). Of the total amount recommended for funding, \$500,000 is necessary for ODOT administration of the selection and monitoring processes. Furthermore, an additional \$369,189.63 was derived from cost savings of previously awarded ConnectOregon projects.

The recommendations of the Final Review Committee are now presented to the Oregon Transportation Commission (OTC) for its review and consideration. A public hearing will occur at the July 17, 2014 OTC meeting for stakeholders and public to comment on the list of recommended projects. The Commission will approve projects at its August 21-22 meeting in Ontario. Once a list of projects is approved, staff will work with recipients to execute necessary grant agreements.

Presentation:

Director Garrett introduced those giving the presentation on *ConnectOregon IV*, Jerri Bohard who oversees the process, Chris Cummings the freight program manager, and Bill Thorndike who chaired the Final Review Committee.

Cummings started the presentation by talking about *ConnectOregon V*. Highlights of the presentation were:

- a brief history of multimodal transportation
- a brief history of *ConnectOregon I-IV*
- funding breakdowns by mode and region
- *ConnectOregon V* main changes – include bike/ped as an eligible mode, stricter reporting guidelines for performance measures, some railroad eligibility restrictions added, and some retainage from payments to grant recipients
- five legislative selection considerations
 - a. reduce transportation costs
 - b. economic benefit
 - c. critical link improving utilization and efficiency
 - d. percentage match by applicant
 - e. construction ready
- applications received for *ConnectOregon V*
- overview of the review process: staff review, modal review, and final review
- final recommendation: 37 projects for \$42,369,189 (\$369,189 is savings realized from past *ConnectOregon* projects)
- breakdown of 37 projects by mode and region

Bill Thorndike continued the presentation with a discussion about the Final Review Committee, its members and the process used to arrive at the list of recommended projects presented to the OTC for funding.

Public Hearing. (Note: **Public comments will be limited to no more than three minutes each. Individuals providing similar testimony on the same topic are requested to appoint a spokesperson. The commission has allocated 90 minutes for this item, but will hear all those who wish to testify.**)

Chair Mater called the Public Hearing to order at 2:00 p.m.

Elected Officials' Comments:

•
Betsy Johnson, District 16 Oregon State Senator and Ways and Means Subcommittee Chair, has been an engaged participant of all five of the very successful *ConnectOregon* programs. A derelict site in her district now provides over 100 jobs to Oregonians because of company investments coupled with *ConnectOregon* money. The site is now a multimodal facility integrating rail, barge, and trucks to move an astonishing array of export products. The authorizing legislation states the urgent need to improve and expand publicly and privately owned transportation infrastructure to support economic development in the state. All of the projects are vetted against the five legislative selection consideration standards and no others. There has never been any mention of the character of the commodities transported; *ConnectOregon* is commodity agnostic. The local, modal, and advisory groups of the OTC's creation submitted these projects to a rigorous review that resulted in the list before the Commission for approval. Senator Johnson implored the OTC not to change that process and she supports all of the northwest projects, especially the Rainier "A" Street Safety Corridor Rail Improvements project.

•
Tony Hyde, Columbia County Commission Chair, five-year Final Review Committee member, and Governor's Regional Solutions Committee member, spoke specifically about the three projects in Columbia County. One is Rainier and he reiterates what Senator Johnson said about how important the project is for operating safety and how invested the community is to get this safety upgrade. The other two are for Port Westward which will help turn around Columbia County's economic issue of 70 percent-plus commuters by taking the opportunity to utilize the deep-water port there. The process is supposed to be commodity agnostic and he implored the Commission to help Columbia County build its way out by approving those projects.

•
Brad Witt, District 31 Oregon State Representative, spoke in favor of Rainier's A Street project. While he recognizes the opposition voiced, based on perceived consequences of the end-users of the facilities, the validity of these projects must be judged on their own merits and their capability to enhance Oregon exports. The project will also greatly increase safety in the downtown area, and he most strenuously urged approval of the A Street project.

•
Val Hoyle, District 14 Oregon State Representative and House Majority Leader, is strongly in support of *ConnectOregon* as a way of supporting a comprehensive transportation system. In 2013, she was one of the proud supporters of including bike/ped as an eligible mode. Not everyone agreed, but all the modes worked together to ensure the best use of the dollars available. Projects competed on an equal level and had to prove their worth with as little

political influence as possible. Representative Hoyle advocates, not for one particular project, but for the projects that have been chosen through a scoring method that is fair, balanced, reasonable, and that gives the best use for our dollars. She urged the Commission to accept the package as it is.

Patrick Trapp, Executive Director for the Port of St. Helens, urged the Commission to approve the recommendations as presented by the Final Review Committee, especially those maritime projects that successfully passed all reviews. Having spent time on the Marine Modal Committee, he knows the work necessary to meet the high standards of the *ConnectOregon* program and the level of commitment dedicated to getting it right. He asked the Commission to value and respect the 200 or so professionals who have been engaged to date to get this round of grants, and more specifically, the two Port of St. Helens applications. These applications are for our critical maritime public infrastructure needed to meeting the legislative mission of economic development. He asked that the Commission stay the course of investing in infrastructure with regional and statewide significance....it's NOT about commodities. Director Trapp urged the Commission to approve the recommendations presented by the final review committee.

Linda Modrell, Benton County Commissioner, spoke in support of the multimodal approach to transportation and encouraged the OTC to continue to include bike/ped trails and paths in the *ConnectOregon* program. This is the first time bike/ped applications have been eligible, and she emphasized the point that not only does bike/ped represent an element of multimodal transportation; there are the other considerations of safety, health, and tourist dollars. Benton County is grateful for its project being included in the final list.

Shirley Kalkhoven, City of Nehalem Mayor, NWACT Chair, and ODOT STIP and ODOT Freight Committees member, said a lot of people have worked very, very hard to get to this point, spending months learning about the projects and their implications. We did a good job of looking at the criteria, looking at the process, and being faithful to both. She urged the OTC to support the list of projects presented by the Final Review Committee.

Mike Quilty, Rogue Valley MPO Chair, and RVACT and STIP Stakeholder Committee member, said he has devoted the last twelve years of his life to transportation in Oregon. *ConnectOregon* has been a very important process for helping fund projects that are not eligible for federal highway dollars. In tight financial times, we need to be very strategic in how we apply the resources available. Not all dollars are created equal; they come in colors, and they come in silos. We cannot afford to pay for infrastructure projects with funding that takes 20 years to pay back when it's a light-duty bus with a five-year life cycle, or a bicycle that may last 3 years in public use. That is not to say transit and bike/ped projects are not important, but when money takes 20 years of taxpayer effort to pay off, we need to invest in infrastructure that has a similar lifespan at a minimum. As part of the Final Selection Committee, he said they looked long and hard about the projects that went forward and came up with a balanced package that is good for Oregon and moves our business forward, which was the original intent of *ConnectOregon*. He urged the OTC to accept the recommended list.

•

Jerry Cole, City of Rainier Mayor, said that long before his 12-year reign as mayor, the rail through Rainier has been a huge safety problem, not only for train versus car, but for train versus pedestrian. There are absolutely no safety mechanisms at all. Some have suggested the project in Rainier are a handout or subsidy to an oil company and the project is being done to accommodate crude oil trains. These statements are based on either willful ignorance or purposeful deceit. The community of Rainier has been working to resolve this safety issue for more than 20 years. Those involved in the unprecedented and last-minute effort to stop funding for this project either don't understand or care about the need of that community, or they are motivated by their own special political interests. He urged the Commission to join him in supporting the "A" Street Safety Corridor project in Rainier.

•

Diane Pohl, Clatskanie City Mayor gave testimony in favor of the "A" Street Safety Corridor project to improve rail safety in Rainier, as well as the dock upgrade projects for Port Westward. The drastic increase in fuel prices is bringing railroads back to prominence, and like many rails throughout the nation, upgrades have been neglected. To get a perspective on the present use of rail, over 44,000 trucks per year are not traveling Oregon roads. The savings to the infrastructure and in carbon footprints is meaningful. The concern now is community safety where the railroad is going to continue its services to business and industry regardless. For those concerned about the transportation of coal to Port Westward, stakeholders have pledged measures to guarantee safety. Mayor Pohl asked the OTC for favorable consideration for both the rail and dock projects as submitted.

•

Debra Dudley, Rainier City Administrator, said Rainier places a very high emphasis on safety for its residents and has worked for years to find a solution to the hazardous rail problem. The *ConnectOregon* program is giving them that ability. She asked for the Commission's consideration and help in keeping Rainier citizens safe by approving this grant process.

•

Greg Hinkelman, Clatskanie City Manager, expressed his strong support for funding the three proposed Columbia County projects. These projects are needed for economic development and community safety. The type of rail traffic is immaterial and irrelevant to the project. It does not matter if rail cars are carrying Teddy Bears or liquid Ebola; what matters is the physical rail safety for residents, pedestrians, and businesses along "A" Street. He urged the Commission to adopt these projects.

•

Doug Hunt, Cascade West ACT Chair, spoke on behalf of the two top projects that came out of the ACT. The Port of Toledo Yaquina Boatyard Haul-Out Expansion project aligns very closely with the five *ConnectOregon* factors talked about earlier. The Benton County, Corvallis to Albany Trail project addresses safety issues along Highway 20 and promotes the \$1.2 million daily economic benefit Oregon receives from bike/ped activities, as indicated by the Travel Oregon Bicycle Tourism Study. He urged the Commission to support these projects.

•
Terry Thompson, Lincoln County Commissioner, said his goal is to have the OTC understand the importance of the Toledo shipyard project, which affects 500 jobs in the fishing industry. New Coast Guard requirements result in boats being built wider than conventional shipyards can handle. To continue to be a role player in the Pacific region, improvements are needed. This does not just apply to the fishing industry; the substantial Pacific marine research industry in Oregon is affected as well. There needs to be a shipyard and manpower to support those vessels if we want to stay involved with that industry. That is what *ConnectOregon* plans were intended to do, and he urged the OTC to support those projects.

•
Kitty Piercy, City of Eugene Mayor, expressed her appreciation for two major projects from her region making the list. She spoke in support of one project that landed just below the line on the final recommendation lists – the Eugene Bike Share application. This project is important to Eugene achieving its goals of increasing bicycling, decreasing vehicle miles traveled, reducing greenhouse gas emissions, and improving community health. Bike share systems are increasingly seen as an indispensable element and one of the amenities that make cities attractive to young workers and technology-based industries. She asked the OTC for its support on this project.

•
Briana Orr, Program Coordinator for the University of Oregon, expressed her support for the Eugene Bike Share system application. Bike share is cutting edge, but 36 urban areas in the United States are now operating bike share systems, and it is becoming a common amenity residents look for when choosing where to live and where to study. The University is launching bike share primarily to stay economically competitive, to augment and maximize the current transportation system, and to improve the safety and health of its students. Given all these benefits, she urged the Commission to capitalize on the investment being made by the University of Oregon by supporting the Eugene Bike Share application.

•
Phil Stenbeck, City of Prineville Plan Director, said the Prineville Airport Project has to do with getting gas tanks directly above the City's main aquifer out of the ground in an area that has had hundreds of millions invested by technology companies. If something goes wrong, it would affect not only the water supply, but also the community and the economy by affecting the 160-acre, \$5.5 million Division of State Land property, that when sold, goes to the school fund. This is an important project and he urged the OTC to approve this project.

Public Comments:

•
Martin Callery, Port of Coos Bay Chief Operating Officer, said the current package for *ConnectOregon V* is a solidly vetted group of projects that will benefit the State of Oregon. Past *ConnectOregon* programs have benefited his community by developing an underutilized marine facility into an intermodal hub. A *ConnectOregon III* project provided grant funds that were then leveraged into federal grants totaling \$17 million. Those funds went into rehabilitating the Coos Bay Rail Line, which is expected to take 25,000 truckloads off the highway this year and significantly reduce greenhouse gas emissions. It is critical to Oregon's

trade-sector economy to have competitive transportation options. The *ConnectOregon* program is unique in its scope with a rigorous vetting process that ensures projects funded truly serve the State's transportation needs and its trade-driven economy.

•

Larry G. Scruggs, Tax Fairness Oregon, spoke about the *ConnectOregon* process and vetting the costs of projects. Assertions about the need and job retention numbers are not credible for the Medford equipment storage facility project. The small amount of snow that Medford gets each year does not support the \$500,000 for this project. Similarly, the 27% contingency in the Port of St. Helens Berth 1 application allows a quarter million dollars for equipment even though no need for equipment was identified in the application. The process should be improved so an outsider can have a better understanding of what the money is being spent on.

•

Russ Dondero, Washington County Citizens Action Network Vice-Chairman, spoke from his perspective as a political science professor who spent 22 years as a citizen lobbyist at the Capitol. He objects to the "mobilization of bias" in favor of those who see these projects as primarily economic development projects, without having counter voices. The process is teed up in a way that gives the opponents of these projects a very difficult task. He cited the Brookings runway expansion project. A 2011 report by expansion collaborator Del Norte County noted "ridership does not warrant expansion of the runway." So what is driving this proposal? Brookings is a golf haven for people throughout the United States and the world, but access is less than ideal. He asked if spending public money to subsidize owners of premier golf courses and their guests is wise. Brookings should enact a recreational tax to support the expansion. Also, where is the private contribution for any of these projects? If public dollars are spent on some very laudable projects, where is the contribution by the private sector, as well as local communities and counties?

•

Susie Lahsene, Port of Portland and Oregon Freight Advisory Committee (OFAC) Chair, spoke in favor of the project list provided. Job growth gives Oregon the money to pay for public services. The connections between modes are a critical component of making the system perform the way it needs to. Oregon is uniquely dependent on the water and rail modes to move freight. The National Research Defense Council finds these two modes to be the most climate-friendly method to move products.

•

Bill Olson, Human Services Coalition of Oregon (HSCO) Co-Chair, said HSCO wants to see the revenue base of Oregon grow so it can fund services to its citizens. *ConnectOregon* is a grant program and he asked why we don't use loans and recover some revenue for those projects that generate cash flow or are able to debt-service the loan? Also, why aren't user fees incorporated for improvements where there are private users?

•

Kevin Greenwood, Port of Newport General Manager, said that even though their project did not make the list, the Port has benefited from *ConnectOregon* in the past. The Port supports *ConnectOregon*, which has allowed important and significant marine, air, and rail

infrastructure projects to be completed. It also supports the continued expectation that jobs and economic impacts be a significant characteristic of the scoring process in future rounds.

•

Jenna Stanke, Oregon Bicycle and Pedestrian Advisory Committee (OBPAC) Chair talked about its projects that made the lists and how they met the statutory considerations of *ConnectOregon*. Bike/ped projects provide access to jobs, services, and retail, and make connections across barriers like Interstate 5. Trails provide economic benefit to the state as a draw for people relocating, through tourism, and they take vehicular trip off the system, which allows freight to move more freely. If these kinds of connections are not of statewide significance, what is?

•

Dee Burch, Advanced American Construction President and Associated General Contractors (AGC) Legislative Committee Chair has been involved in all five *ConnectOregon* processes. He said he can assure you that everyone involved, regardless of their personal interest, gave very careful consideration of the legislative intent of the program. A tremendous cross-section of elected officials, business people, and the wide group of stakeholders spent thousands of hours to make that happen, and he asked that people respect the work that has been done to bring these projects forward. The process is not perfect, but it is certainly very fair and thorough.

•

Bud Shoemake, Port Manager for Toledo, said he came to let the OTC know how valuable this process is, and to the small ports specifically, which could not do this project without the support of *ConnectOregon*. These ports bring international money and it is important to keep that money, and the many, many jobs made possible because of that. The real benefit of this project is that it will be a model for environmental compliance.

•

Patrick Story represents Tax Fairness Oregon, and says it supports the mission of *ConnectOregon* to improve economic vitality and livability, and appreciates the opportunity to participate in the decision-making process. However, it does object to the nearly total reliance on free taxpayer dollars in the form of grants given to private companies or public entities that serve private companies. *ConnectOregon's* first option should be loans and we should not just roll over and give grants to those private companies that refuse the loan option – they only want the project if the money is free.

•

Elsa Porter, Tax Fairness Oregon, also questioned why *ConnectOregon* provides grants instead of loans. The intent of legislation was clearly to award loans where feasible, but reasons like getting the loan is difficult, or it takes time, or it's easier to get a grant turned the program into providing gifts of public money to private entities. The drawdown of lottery funds to support these "grants" reduces the amount available for other important public services. She asked if the program was defensible in light of the shortfalls experienced, and she urged the Commission to question sharply whether funds requested should be gifts from the State, leaving us in debt for the next 20 years, or low-interest loans which would accomplish the same purpose.

•
Steve Wright, Tax Fairness Oregon, questioned the prudence of the 10 percent minimum each region is funded. While it helps level the playing field, at the same time it potentially eliminates many other projects that score higher, especially when considering that two of the five regions' populations are well below 10 percent of the total state population. He cited several examples where higher rated projects were passed over to satisfy the 10 percent allotment. Lowering the minimum to 5 percent would better level the playing field for all regions and be in better alignment with the smaller regions' populations of 5 and 8 percent.

•
Patrick Stupfel, Tax Fairness Oregon, spoke in opposition to *ConnectOregon* subsidizing the Bend Heliport Expansion project for the benefit of a private flying school. Businesses need skilled worker and funding this project is absolutely appalling when we have so many students who can't afford to go to college. When did subsidizing private businesses become a priority over taxpayers?

•
Colin Peddicord, Portland State University student, spoke on behalf of Oregon students. The Port of Morrow has requested \$6 million to build a cold-storage facility, and he asked why this was in the form of a grant and not a loan? When did the State's priority become to fund successful private businesses instead of the education system in this state? He urged the OTC to give the Port of Morrow this money, but in the form of a loan and not in the form of free money through a grant.

•
Jody Wiser, Tax Fairness Oregon, said the *ConnectOregon* program needs a fix, and not an expansion to \$200 million, the amount to be requested in the 2015 Legislative Session. The program should issue loans, not gifts, with matching funds from the users. There should be full disclosure of project costs and increased rigor of analysis, and regional equity should be reduced to 5 percent.

•
Randy Tucker, Metro Legislative Affairs Manager, expressed Metro Council's support specifically for the multimodal bicycle/pedestrian projects that can't be funded with Highway Fund dollars. Legislation brought forward in 2009 sought to establish a *ConnectOregon* for Trails program to provide a funding source for bike/ped facilities outside the road right of way, and therefore, ineligible for Highway Fund dollars. The legislation didn't pass, but the Urban Trail Fund was funded, but for the one time only.

•
Mark Landauer, Oregon Public Ports Association Executive Director, said the Association supports the Final Review Committee's recommendations. According to the Brookings Institute, Oregon is one of the nation's most trade dependent states and the dividends to investments in ports are payable statewide to schools, local government, service providers, and to the state's General Fund. The criteria for *ConnectOregon* is very clear. It does not give any weight to the types of commodities or to the funding requestor. The Association encourages the OTC support the Final Review Committee's final recommendations.

•
Michael McElwee, Port of Hood River Executive Director, spoke on behalf of the Oregon Public Ports Association (OPPA) in his role as President. *ConnectOregon* has served as a critical financial tool for Oregon ports and it's fair to say that without this tool, the economies of some port districts would have been damaged and future prospects diminished. He offered OPPA's strongest possible endorsement for the program and the current list of recommendations.

•
Paul Langer, Teevin Bros., said *ConnectOregon* is one of the best examples of good government today, and is garnering nationwide attention for innovation in infrastructure funding. Mr. Langer said he is worried this truly innovative program is at risk of being hijacked because of concerns over particular commodities. Recent changes to the program need review by the legislature to ensure *ConnectOregon* remains true to its original charter of funding transportation infrastructure improvements of statewide significance.

•
Dale Keller, City of Prineville Railroad expressed Prineville's appreciation of the *ConnectOregon* program which allowed it to put together a multimodal transload warehousing operation that has become an incubator for business and creating jobs. Without *ConnectOregon*, Prineville would not have been able to get back on its feet. The process is very fair and impartial.

•
Maureen Barnhart, citizen and advocate for public education, said she is opposed to investing \$5.1 million in Medford to build a facility to house snow equipment (at three times the cost of most structures of that type). The public continues to list education as a top priority, but support for education continues to dwindle. She asked all agencies to be more consistent in remembering that public education and alternative energy are both top priorities in the state. We should look at why money is being spent in opposition to those values.

•
Lana Butterfield, Oregon Rail Users League (ORULE) Executive Director said the *ConnectOregon* program has resulted in many, many benefits for the State of Oregon through increased speed and efficiency of travel, removed severe blockages, helped freight movement, increased safety, and increased employment and long-term economic development. ORULE supports all the projects on the list.

•
Jana Jarvis, Oregon Wheat Growers League, said the agriculture industry in Oregon is directly impacted by the availability and accessibility of affordable modes of transportation. Five years ago, *ConnectOregon* funding helped build a grain elevator in La Grande in order to improve the efficiency of wheat shipments. Previously, shipments were sent by truck, and growers had limited ability to negotiate favorable terms for their transportation needs. The impact of the elevator is that growers can now consolidate crops for larger shipments by rail at a reduced cost of transportation, and with a more favorable carbon footprint. She did not speak in favor of any specific project, but certainly to support the integrity of the *ConnectOregon* program.

•

Allan Rombaugh, Citizen, responded to comments complaining that the elected officials were put ahead of others to testify first. He said he appreciated that it was handled that way because it's not only courtesy, but they are the **only** people in the room who have passed the litmus test of being elected, and who therefore, represent a great deal of people.

•

Will Joyce, Citizen, said the Commission has a very tough task making a distinction between what's required with a public project versus what's required for a private organization to be able to ask for funds. It puts competition between well-funded private corporations and public entities. He believes loans would be appropriate in the case of private concern applications, and grants more appropriate for the public concern applications, given the possibility of return on investment which those different entities would be able to receive.

•

Miki Barnes, Citizen, spoke in opposition to all funding for aviation projects due to the exorbitant cost, noise, pollution, safety risks, and security threats posed by aviation activity. Millions of state and federal dollars have been invested in airport projects that benefit a few affluent enough to own airports, aviation businesses, or expensive aircraft. Airports are the largest facility sources of lead, with 60 percent of airborne lead in the United States coming from the ongoing use of lead fuel in piston engine aircraft. One project set for approval would result in Oregon residents witnessing the erosion and demise of their quality of life due to incessant noise, pollution, safety risks, and property value decline because their tax dollars are being subsidized on behalf of a private business that profits by recruiting student pilots from all over the world. Why is the affluent life style of a few being subsidized with public money? Every dollar spent on aviation translates into less funding for public sector job creation, where educators, health care providers, social services workers, affordable housing specialists and environmental advocates are desperately needed.

•

Kenji Sugahara, Oregon Bicycle Racing Association Executive Director, said bike/ped is very, very important to the economy of Oregon, and he is pleased to see bike/ped projects did well in *ConnectOregon V*. The entire process worked well and he hopes the Commission continues to support the funding as is. He thanked the Commission and its members for all their service because he knows the amount of time and dedication this volunteer work takes. He told Director Garrett that ODOT does an absolutely wonderful job, so keep up the good work, and thank you.

••••

The hearing was on 37 projects proposed for more than \$42 million in funding under the ConnectOregon V program. Three projects in particular faced criticism. Port Westward, a Port of St. Helens facility near Clatskanie in Columbia County has advanced two projects to improve its berths along the Columbia River, allowing larger ships with deeper drafts to load and unload there. The City of Rainier has advanced a rail safety project to separate the trains, which now run straight down the middle of Main Street, from road traffic and pedestrians. The following comments pertain to those three projects.

The following people gave testimony in support of advancing the three projects for one or more of the reasons listed below:

Skip Lahti, the Rainier A Street Group
Walt Evans, Pacific NW International Trade Association (PNITA)
Rob Rich, Shaver Transportation Company
Lana Butterfield, Oregon Rail Users League (ORULE) Executive Director
Steven Sharek, Clatskanie Rural Fire Protection District
Robert Keyser, Port of St. Helens Board of Commissioners Chair
William Mansheim, Port of St. Helens
Chuck Garman, Gunderson Marine Vice President of Marine Sales and Marketing
Chris Iverson, Port of St. Helens Commissioner
Joel Haka, Portland and Western Railroads President
Kevin Haugh, Portland and Western Railroads General Manager
Brad Landers, Portland & Western Railroads Mechanical Vice-President
Michael Weston, Port of Astoria Executive Director
Gary Lewin, Columbia River Bar Pilot
Willy Myers, Columbia Pacific Building Trades Council Executive Secretary Treasurer
Russ Garnet, Roofers and Water Proofers
Paul Amos, Columbia River Pilots President
Alta Lynch, Citizen
Allan Rumbaugh, Citizen

The *ConnectOregon* public/private partnership is one of the most professionally run and thoroughly considered infrastructure grant-funding programs in the United States. The credibility of *ConnectOregon* has rested heavily on guarding the program against political influence, and applications should not be evaluated based on micro elements, including products or goods using port facilities. The product mix should be driven by the competitiveness of Oregon products and the overseas demand. The applications are not handouts to oil and coal companies as some have suggested; rather, they are opportunities for critical choke points in our transportation infrastructure to be fixed. This will make our state more attractive to investors, and at the same time create good family wage jobs.

Many applications are small, local public agencies making the proposal, agencies that can only take on so much debt and are limited in their resources. These grants are often the only means of obtaining funds for projects critical to the economy or vitality of their area. The severe decline in timber products and commercial fishing industry has resulted in the loss of a great many family wage jobs. The population in this area has remained stagnant, and many who stay in the Clatskanie/Rainier area are forced to commute out of the area for employment. With little hope for new employment in the timber industry, their future will be dependent on another natural resource, The Columbia River. The future is dependent on an economic recovery grounded in an increased tax base. Small rural communities cannot be the sole contributor to coffers and expect services to continue. There needs to be a balance between industry, small businesses, residents, and manufacturers, and we need to do it safely while protecting the environment. Jobs brought in and additional taxes gained not only increase

revenue but bring relief to businesses currently shouldering that tax burden. Growing tax base will allow the area to be able to provide basic public services.

The three applications in question are vitally important to the future of Columbia County. Modernization of existing ports is the sustainable way to help ports attract new investments that increase the ability of regional exporters to compete effectively in international markets. Products compete effectively internationally based on three elements that determine their attractiveness: the international trade policy, international tax policy, and *local transportation efficiencies*. To attract and retain industrial businesses, the basic infrastructure must be in place. Ports help fulfill our responsibility to ensure we keep the infrastructure that brings these types of businesses to town. The port systems have done an excellent job of bringing more bulk cargo activity which translates into a major increase in the kinds of jobs that bring prosperity to communities.

The states of Oregon and Washington and the federal government invested more than \$183 million on the Columbia River Channel Improvement Project, which deepened the navigation channel to the 43 feet necessary to make the river more marketable by being able to accommodate today's larger ship designs. This has resulted in tremendous investments and opportunities. The modernization of Berth 1 and Berth 2 at Port Westward would improve critical freight mobility and produce about 80 new jobs. In addition, 400 people have been hired to support the barges that will work the port, with another 100 being hired in August. All of these people will have the opportunity to go to school and ODOT will pay for 100 percent of their education.

The City of Rainier has had the problem of A Street and the rail line co-existing on the same right-of-way for many, many years, and is desperately in need of the proposed rail improvements. The A Street Project will improve the economy of the entire region, while also keeping the community of Rainier safe by upgrading the rail system with barriers separating trains from vehicles and pedestrians. The A Street project relates to public safety and the quality of life in Rainier, and how to best approach an active freight railroad that runs right down the middle of a street. Opponents' figures on the proposed number of trains through the area daily are totally inaccurate and overestimated. Currently the cap is 24 per month, but there have never been more than 12 trains in any one month to the Port of St. Helens.

A concern for the safety of local citizens is followed closely by a concern for environmental safety. The Clatskanie Rural Fire Protection District serves the area, including PGE's three power plants and an approximately 1 million barrel oil tank farm. The Fire District has worked with PGE for nearly 40 years planning and preparing for all type of emergency scenarios, including contingencies for ethanol and crude oil emergencies. In addition, the district has "Mutual Aid Agreements" with other fire agencies throughout Columbia County.

The improvements to Port Westward are vital to the local communities, and will benefit the State of Oregon and the northwest region as a whole. These projects to improve infrastructure on our river system and improve freight mobility, are critical to the regional economy by their ability to increase shipping capacity and freight exports.

The following individuals spoke in opposition to the three projects for one or more of the following reasons:

Chuck Daughtry, Executive Director Columbia County Economic Team
Paulette Lichatowich, Envision Columbia County
Darrel Whipple, Envision Columbia County
Jim Lichatowich, Envision Columbia County
Kelly Bledsoe, Citizen
Annie Christensen, Envision Columbia County
Sally Bledsoe, Citizen
Daniel Serres, Columbia River Keeper Conservation Director
Kristin Lillich, Citizen
Adrianna Voss-Andreae, Citizen
Gary Soderstrom, Citizen
Marcia Denison, Citizen
Claudia Keith, League of Women Voters
Brian Little, Citizen
Elizabeth Hallett, Southern Oregon Climate Action Now (SOCAN)
Ellen Sanders, Washington County Citizens Action Network
William Allen, Clean Columbia County
Isaac Vergun, Plant for the Planet
Miko Vergun, Plant for the Planet
Regna Merritt, Oregon Physicians for Social Responsibility
David Engen, Citizen
Dr. Theodora Tsongas, Citizen
Marilee Dea, Oregon Nurses Association
Jasime Zimmer-Stuckey, Columbia River Keeper
Laura Stevens, Sierra Club
Dick Harmon, Sierra Club
James Powers, Citizen
Craig Heverly, Beyond Fossil Fuel
John Freidlander, Citizen
Byron Harmon, Pacific Green Paraty
Paul Spindel, Citizen
Debra McGee, Citizen
Celeste Howard, Citizen
Howard Shapiro, Sierra Club
Rodger Winn, Sierra Club
Duane Ray, Friends of the Columbia Gorge
Raging Grannies (Joana Kirchhoff, Alice Shapiro, Linda Schimoldt, Debra McGee, Patty Hind)
Susan Koger, Citizen and First Congregational Church
Alice Shapiro, Citizen
Gregory Sotir, Citizen

Ryan Rittenhouse, Friends of the Columbia Gorge
Peggy Woolsey, Tax Fairness Oregon
Nancy Baker-Krofft, Sierra Club
Lucinda Hites-Clabaugh, Citizens
Laurie Dougherty, Beyond Coal Exports
Kelly O'Hanley, Green Peace
Jenny O'Connor, Green Peace
Steve Esses, Citizen
Edith Gillis, Citizen
Elizabeth Graser-Lindsay, Citizen
Byron Tennant, NE Coalition of Neighbors (NECN)
Adam Gorski, Citizen

ConnectOregon funding for these three projects would allow out of state companies to be the beneficiaries of lottery funds, which is in direct conflict with ORS 481.500 that stipulates that lottery funds are to be spent to create jobs, further economic development, finance public education, and to restore and protect the environment. The two berth applications also fail to comply with Oregon regulations governing *ConnectOregon* because the necessary state and federal permits cannot be acquired within the timeline that supports legitimate (construction ready) use of these funds. These sharp oil and fossil fuel companies have seen that there are communities that are hurting, and that there is this program called *ConnectOregon* that gives free money, and they take advantage of that. Subsidizing oil and coal to the benefit of Global Partners and Ambre Energy does not make sense. Nor does it make sense to dish out money to a company openly flaunting Oregon laws, and which was recently fined for moving huge volumes of oil, far beyond the limit DEQ had allowed.

Coal is a commodity the Governor has pointed out that we don't want to subsidize in the state. For *ConnectOregon* to give \$2 million to a project the State of Oregon clearly does not support sends a mixed message that the left hand doesn't know what the right hand is doing. The United States is actively moving away from coal as a source of energy because coal emits gas and particulates that poison the atmosphere, making it a major source of greenhouse gas emissions, and a major contributor to global climate change and acidification of the ocean. Coal is a dinosaur fuel source that is being phased out in favor of clean, efficient, cheaper and healthier forms of renewable energy. Gifting millions to this dying industry does not make sense. We need jobs that move us into a sustainable, clean energy future, not jobs that contribute to climate chaos. The world's scientists have been trying to educate us that atmospheric carbon levels above 350 ppm (parts per million) is the upper limit to stay safe. This past May, we passed 400 ppm. Let us remember that there are no jobs on a dead planet.

These projects also pose a serious threat to preserving the physical, chemical, and biological integrity of the ecosystem. The citizens of Columbia County have spent \$15.33 billion, as of 2012, for a Pacific Salmon restoration project. The much larger ships that would come up the Columbia River would devastate the already endangered eco-system and the tenuous salmon recovery. Human or mechanical error that discharges crude oil into the stream while juvenile salmon migrate downstream would be a disaster. These kinds of errors seem to occur with disconcerting regularity.

The adverse public health impacts of air pollution resulting from the transportation of coal and oil are well documented. The health risks range from respiratory ailments to cancer, to developmental disabilities that affect children's learning, memory, attention, and overall performance. Diesel particulate matter (invisible coal dust and combustion emissions expelled by the train) contains toxic heavy metals that are highly poisonous and associated with a very wide assortment of ailments.

In direct conflict with *ConnectOregon* eligibility requirements, the A Street Project is not shovel-ready, and it is not a solution. The A Street Project purportedly will improve safety when just the opposite will be true with increased traffic, faster speed, and the risk of derailment and explosion. In addition, it restricts access for people, isolates the riverward side of the tracks, and does nothing if not shut out other freight users, not to mention possible future passenger service. It would deny access to the U.S. Post Office, fishing along the river, gypsum and creosote plants, a logging export facility, the Rainier boat launch, community and senior centers, the city park and many retail businesses. Currently, freight use has rails throughout Oregon so crowded that Amtrak cannot offer the type of schedule rail passengers need to commute at flexible times. It is wrong that the traveling public and small businesses have such inferior access to rail, something that will only deteriorate with the addition of more coal and oil trains.

The safety risk and danger posed by these explosive trains is extensive. These are not your father's oil trains. These new Bakken Shale crude oil trains are called "Trains of Mass Destruction" because of the damage and death that result when they explode. The current 10 oil trains we see per month will increase to nine per day when operated at capacity as Global Partners has indicated it plans. Nine full trains in, and nine empty trains out each day amounts to almost one train per hour. In addition, citizens are put at greater risk when emergency responders find themselves on the wrong side of the track.

Please consider the consequences of the decision to approve these three projects.

Chair Mater adjourned the Public Hearing at 7:37 p.m.



Chair Mater adjourned the meeting at 7:37 p.m.

 Catherine Mater, Chair	Not present.
 Tammy Baney, Member	 Alando Simpson, Member
 Susan Morgan, Member	 Roxanne Van Hess, Commission Support