OREGON TRANSPORTATION COMMISSION

Minutes of the Regular Monthly Meeting
April 16, 2015
Salem, Oregon

On Thursday, April 16, 2015, at 8:30 a.m., the Oregon Transportation Commission (OTC) and Oregon Department of Transportation (ODOT) staff held a pre-meeting briefing session in Room 240, the Stuart Foster Conference Room, at the Transportation Building, 355 Capitol Street NE, Salem, Oregon. Highlights of the premeeting included the following:

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Leah Craft, ODOT Government Relations Section manager, gave an overview of where the legislature is in its process and the status of ODOT's bills. All of ODOT's bills have passed out of committee or been scheduled for a work session, so they all remain alive in the process. Craft and Director Garrett provided information on ODOT's budget presentation, particularly the engagement with the Ways and Means Committee around the road usage charge (RUC) program, DMV's Service Transformation program (including local government interest in a transaction surcharge to cover the program's cost), and passenger rail. The commission asked whether the DMV program is becoming partisan because of other issues on the legislative agenda. Commissioner Lohman asked what the legislature is doing about funding for rest areas. Director Garrett indicated this issue was not put on the table by the Oregon Transportation Forum but funding could be provided in a transportation funding package if one moves through the legislative process. The commission discussed the need to have a conversation with the Oregon Travel Information Council (now known as the Oregon Travel Experience) to evaluate the partnership going forward. Director Garrett indicated he has had discussions with Nancy DeSouza, the OTE Executive Director, about a joint meeting between the two boards.

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Director Garrett led the commission through the agenda review. Highlights included the following:

- Region 4 Manager Bob Bryant walked the commission through the Millican Road project, including recapping the history of the road and the current project. Chair Baney recommended approving the funding contingent on agreement between local partners.
- The commission discussed planning funding for MPOs. Director Garrett explained that ODOT created a fair process but there was disagreement over the final allocation of funding.

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The regular monthly meeting began at 10:00 a.m. in the Gail L. Achterman Conference Room at the Transportation Building.

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 meeting included:

Chair Tammy Baney
Commissioner Dave Lohman
Commissioner Susan Morgan
Commissioner Alando Simpson
Director Matthew Garrett
Asst. Director for Public Affairs Travis Brouwer
Trans. Development Div. Admin. Jerri Bohard
DMV Division Administrator Tom McClellan
Highway Division Administrator Paul Mather
Rail/Transit Division Administrator Hal Gard
Communications Section Rep. Dave Thompson
Region 1 Manager Rian Windsheimer
Region 2 Manager Sonny Chickering
Region 3 Manager Frank Reading
Region 4 Manager Bob Bryant
Region 5 Manager Monte Grove
Commission Assistant Becky Sue Williams

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Chair Baney called the meeting to order at 10:04 a.m.

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Director's Report

Director Garrett said this Director's Report was going to center around relationships, partnerships and how fortunate we are, as an agency. We touch people's lives, he noted, and the gravity of what we do affects people's lives each and every day.

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DMV Donate Life Ceremony

The American philosopher William James said, "*The great use of life is to spend it for something that will outlast it."* Director Garrett directed the room's attention to a quilt on the wall and said the quilt embodies that notion, because this quilt truly represents the gift of life. This is a partnership ODOT has with *Donate Life Northwest* that began in 1975, when only three percent of the Oregon population was registered on the Donor Registry. Now, 40 years later, 74 percent of the Oregon population is registered as a donor. That huge growth is due in large part to the professionals who work in our DMV offices, and their commitment to asking one question, "Would you like to become an anatomical donor?" That big "D" placed on driver licenses saves lives.

This past January, *Donate Life Northwest* put the "Threads of Life" quilt on tour. The quilt celebrates the lives of individuals who have been touched by donation and transplantation, and the statewide tour provided opportunities for transplant recipients to visit DMV field offices to personally thank staff for their part in saving their lives. The fourth row of the quilt contains the name Dan Russell. Garrett said, "Dan Russell is one of our own, an ODOT employee, and his square is a tribute to the donors who have given the gift of life to fellow Oregonians." Monday, April 6, the quilt ended its tour with a "retiring of the quilt" ceremony at DMV Headquarters. This display will be a constant reminder of the important work and partnership that has transpired between DMV and DLNW – a partnership we are very proud and humbled to be a part of. Garrett

shared a plaque presented to DMV Division Administrator Tom McClellan, along with a book with the personal stories of the individuals who hold a square on that quilt.

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Waze Connected Citizens Program

Late last month, ODOT announced a partnership with Waze, the real-time crowdsourced navigation application powered by one of the world's largest communities of drivers, via the Waze Connected Citizens Program. The program promotes more efficient traffic monitoring by sharing crowdsourced incident reports from Waze drivers. Established as a two-way sharing of data, Waze receives input from ODOT's TripCheck Traveler Information Portal. The publically available data is updated every two minutes and includes everything from construction and incident data to weather data and road reports. This information shows up on the Waze mobile app, helping travelers to use Oregon's transportation system more safely and efficiently. The department is currently assessing how to filter the data to make it the most useful and will eventually use it to enhance the display on TripCheck.

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WTS Woman of the Year is Jerri Bohard

Director Garrett said he is very, very proud to announce that the professional transportation organization, WTS (Women Transportation Seminars) has announced Jerri Bohard as the 2015 "Woman of the Year." The award is given to an outstanding female role model who has contributed to the advancement of women and minorities in transportation. Jerri was recognized for her contributions to the transportation industry overall, including the role she has played in Intermodal Oregon, *Connect*Oregon, policy and program development, helping to break down silos and better aligning funding streams, and much more. We are blessed to have, and to work alongside this accomplished woman, Jerri Bohard. Jerri makes you a better transportation professional and a better person, and she has certainly made ODOT a better agency. Garrett asked everyone to join him in congratulating Jerri Bohard as the 2015 WTS "Woman of the Year."

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FHWA

Director Garrett said Emily Lawton, the number two employee at FHWA Oregon Division Office has been selected to become the number one at FHWA in South Carolina. Garrett acknowledged everything Emily has done in terms of the very healthy partnership that exists between ODOT and FHWA. The relationship between Federal Highways and ODOT has never been healthier, and one of the reasons is Emily. She has been outstanding in the way issues have worked, and her approach, her intellect, and the integrity in which she works is without peer. Garrett said he is jealous of his friend Janet Oakley in South Carolina who will receive Emily, but wished Emily very well, thanked her for all she has done, and said she has a home here in Oregon any time she wanted to come back.

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Public Comments

No public comments.

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Metropolitan Planning Organizations (MPOs) Funding Distribution
Agenda Item C

The commission considered a request for approval to commit, in State Fiscal Year 2016, funding to the state's Metropolitan Planning Organizations (MPOs). Schnee Consulting Principal Michael Schnee, ODOT Transportation Development Division Administrator Jerri Bohard, and ODOT Planning Section Manager Erik Havig presented the request. ***(Background materials in Director/Commission/History Center File, Salem.)***

Requested Action:

1. Request approval to commit, in State Fiscal Year 2016, funding to the state's Metropolitan Planning Organizations (MPOs). The MPOs will use the funds to carry out their transportation planning programs in order to meet the requirements of federal and state law. The funding amounts to pass through to the MPOs are illustrated in Attachment 1.
2. Request to authorize the Transportation Development Division Administrator to sign the necessary agreements for the disbursement of the above noted funds.

Background:

The USDOT through the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) provides states' planning funds to be distributed to the MPOs within the state to carry out federal planning regulations contained in (23 U.S.C. 134). These two sources of funds are referred to as PL (FHWA) and 5303(FTA) funds. It is the responsibility of the state transportation agency to develop a methodology for distributing these funds in compliance with federal regulations. Both FHWA and FTA must review the proposed distribution methodology, but have no formal approval authority.

Each year, the OTC is asked to approve the funding distribution amounts to be provided to each MPO within the state. Traditionally, this has been a simple act of continuing the previous year methodology to the available federal planning funds.

In 2012, after the final results of the decennial census results were made available to ODOT, the Transportation Development Division Administrator began a conversation with the MPOs within the state, including the three (3) new MPOs created from the recent census. This process unfortunately did not yield a methodology unanimously supported by all the MPOs within the state. However, ODOT recommended the 2012 proposed methodology be used to distribute the MPO planning funds until a more comprehensive process could be completed whereby all MPOs within the state help inform a modified funding distribution methodology. The Transportation Development Division began a coordinated and facilitated process with each of the MPOs within the

state in November of 2013 with the goal of gaining consensus on a revised framework for distributing the MPO planning funds.

The MPO workgroup process started when ODOT hired a professional facilitation and mediation consultant to help develop a process and approach for working collaboratively with the MPOs to create a revised funding distribution framework. Michael Schnee, Michael Schnee Consulting, Inc., was hired by ODOT to assist this process. An MPO Working Group was created consisting of one member from each MPO in the state, except for the two bi-state MPOs (Rainier and Milton-Freewater). FHWA and ODOT were also workgroup members.

A work plan was created along with operating guidelines to help lead the workgroup. The workgroup unanimously supported and agreed with the work plan and operating guidelines. A key consideration in the work plan was to not create a process that focused on the actual amount of funds any one MPO hoped to receive as an outcome of the process. Instead the focus was to build a common understanding of the key drivers of required work products across the MPOs as well as the different challenges and issues each individual MPO must address. Additionally, there was a focus to develop key principles and values which would be agreed to by all MPOs. Combined with the required work products, these principles would guide and inform the actual distribution mechanics. These required work products, key principles, and values were captured throughout the process and were referred to as foundational concepts in the Final Workgroup Report.

Over approximately 15 months the group met to build understanding and gain consensus on these foundational concepts. This was not easy as some of these foundational concepts were in conflict with each other. For example one foundational concept recognized that there would not be enough federal planning funds to meet all the needs of any one MPO. At the same time, the group developed a foundational concept that the funding approach should provide enough funds for MPOs to meet their basic federal planning requirements.

After gaining consensus from the workgroup members on the foundational concepts, ODOT staff then had the responsibility for developing a funding allocation framework that met all the foundational concepts as best as possible. ODOT then shared this funding allocation framework with the MPO Working Group and over two meetings gained tentative support and consensus to the framework. The framework at this point did not include actual formulas and funding calculations.

The MPO Working Group met on Feb. 13, 2015 for its last scheduled meeting. At that meeting, the working group was presented with a final draft of the workgroup report. Schnee, following the group's operating guidelines, polled the members for their level of support for each section of the final draft report. Each of the first three sections of the report received strong support and resulted in a consensus decision to accept those sections of the report.

ODOT staff then presented the final description of the funding distribution framework, referred to as Section IV: The Allocation Mechanics. The workgroup members were not prepared to provide a final level of support of the Allocation Mechanics without understanding how it applied and actually distributed the planning funds. ODOT provided a spreadsheet that utilized the Allocation

Mechanics from the report, but actually showed how much funding each MPO would receive from the detailed calculations. Schnee polled the group for final support of Section IV, but consensus was not achieved.

After several attempts to clarify positions and discuss the key issues and concerns, it was clear that the proposed Allocation Mechanics would not receive complete consensus from the work group. Each MPO was encouraged to prepare a short letter describing its support or concerns with the proposed Allocation Mechanics that would be added to the final workgroup report.

The agency believes the proposed allocation mechanics is a reasonable, fair, transparent, and comprehensive approach to distributing funds to Oregon's MPOs and recommends OTC approval of the funding amounts.

The agency recognizes that while it would be most desirable to have a proposed funding approach that has complete consensus, it is clear that it is not realistic at this time. ODOT and our MPO partners have worked in good faith for over 15 months to help define the key factors and considerations that should help inform a revised funding allocation approach for MPO planning fund distribution. This effort has resulted in an allocation approach that is much more detailed and thoughtful than any used previously. Additionally, in comparison to other state's allocation approaches, the proposed approach for Oregon considers many more factors and perspectives that were developed through the facilitated process described earlier. Finally, it is important to acknowledge that ODOT remains committed to supporting MPO functions by providing matching funds for the PL funds, holding MPOs harmless from federal funding take downs or annual reductions, and by funding and providing modeling services for the small MPOs.

Presentation:
ODOT Transportation Development Division Administrator Jerri Bohard introduced Schnee Consulting Principal Michael Schnee and ODOT Planning Section Manager Erik Havig. She provided a little history saying today's discussion is the result of concerns a few years ago about the formula and how it had been devised, mostly because there were three new MPOs from the 2010 Census. Based on that, the agency made the commitment to have facilitated discussions with the MPOs.

Highlights of the presentation on MPO funding included:

- Erik Havig began the discussion on MPO funding with a brief background. The 50,000 population requirement to form MPOs resulted in three new MPOs in 2010. In 2012, the funding level formula set in 2002 was applied and determined to not work well. Working with the MPOs, a funding level was set at that time, with the commitment the formula would be re-explored. A work group was formed with a facilitated process for this purpose.
- Michael Schnee gave a thumbnail sketch of the process used and the outcome of that work group, the key piece being that federal funding allocations were inadequate and how that shortfall could be addressed.

- Results: There was consensus support for the first eleven recommendations of the report, which became the foundational concepts on which the funding approach could be built. Consensus was not achieved on how those foundational concepts were ultimately proposed for actual allocation of the funds. Because consensus was not achieved, the MPOs agreed to each submit a one page statement with their perspective for support or non-support of the approach.
- The process resulted in eleven fundamental concepts that were molded into an allocation approach that recognized that there are differences between the MPOs and differences in needs.
- Comparisons to national information show this approach is quite different from what is seen across the rest of the United States. There are a lot more considerations taken into account than normally seen in other states, which often place a very high emphasis on population only.
- There was a review of funding per capita for the eight MPOs.

Discussion:
Public comment was received from Tom Kloster, Metro Regional Planning Manager and MPO member for the Portland Metropolitan area, who gave Metro's perspective on the process. First of all, Metro and the MPO strongly support the process and think it is a big step forward for the MPOs, ODOT and the OTC to have this framework in place. He appreciates the fact that ODOT actually funded this for the last two and a half years while we've been muddling through. It took a lot of effort and financial commitment for ODOT to do that. The process was solid, thoughtful, and forward thinking about a fair way to move forward.

Kloster talked about MPOs, how Metro is different, and how ODOT, the OTC and the MPOs work together because we are a small state competing with big states on either side of us. There's a lot at stake for the MPOs to get right.

Three-quarters of the state live in an MPO, and most people don't know what an MPO is. The MPOs are tasked with quietly, in the background, pulling people together across government, trying to make transportation decisions that work for all of us.

Kloster talked about the difference between Metro MPO and the other MPOs in size, growth, and responsibility to the entire state to make sure there is access to international ports and the international economy. The region just lost its container shipping business, which will have ripple effects across every aspect of Oregon's economy. There is a lot of work that needs to be done to catch up, particularly competing against larger Washington and California with all the natural advantages they have for those same kinds of business.

Metro signed on to this proposal because it seems like the best solution at this time. That said, Kloster feels the OTC and ODOT should expect more from the MPOs than it does now. There is a lot the MPOs can do in partnership with the state. Especially as ODOT provides the local match, so you have ten percent of our budget that you should have an opinion about. He asked that the OTC and ODOT continually look for ways to collaborate with the MPO, and maybe even raise

expectations for the MPOs. Kloster gave examples of many of the accomplishments made due to this partnership between ODOT and the MPO.

In closing, Kloster said we need to be more thoughtful about new MPOs because it is only five years until the next census. This is important because a lot of the contention experienced in the last process might have been avoided if we had thought through this a little better. The framework allows the OTC to encourage adjacent MPOs to think about joining forces. That should not be off the table. There are a lot of reasons why it is, but usually good planning and efficiencies are not the reasons, and those *should be* the reasons we talk about working together and combining forces. A second issue is what's coming down the line with the census and the resulting areas that will reach the 50,000 population threshold to be eligible to form an MPO. Right now the process says those areas automatically become an MPO. There needs to be discussion right now about that and avoid yet another funding dilemma trying to slice off yet another piece. The better question would be, are they part of a travel shed and what's their relationship with other MPOs?

Chair Baney said, at a future meeting, she would like to know some of the framework components for the formulas, and would like to go over some of the items brought up, incentives and discussion points, to be able to add clarity and maybe some direction as well. Jerri Bohard said there is a spreadsheet that walks through how staff got to all the parts of the formula, which she will share with the commission.

Commissioner Lohman said he recognizes that this is a case where there is no happy medium, nobody will end up being completely happy. Some people recognize this and Lohman said he appreciates that recognition. The issues with each MPO are different, and we do have a considerable shortage of funds to do what's needed to be done. The MPOs are doing really important planning work and need to be funded to do that. Unfortunately, the federal government is not stepping up as it should. Lohman said he appreciated the fact that Salem, Eugene, and Metro are over-matching, putting capital dollars into this effort. That shows a big commitment. He also appreciates the fact that ODOT staff is looking at providing "special needs" help as those arise, over and above the funding we're talking about here. This is an exemplary administrative effort to wrestle with a very difficult problem for which there is no easy solution. We should hold it out as an example for how you deal with a difficult problem like this.

Action:
Commissioner Morgan moved to approve committing, in State Fiscal Year 2016, funding to the state's Metropolitan Planning Organizations (MPOs). Commission members unanimously approved the motion.

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2015 Highway Cost Allocation Study
Agenda Item D

The commission received an informational presentation on the results of the 2015 Highway Cost Allocation Study (HCAS) for the 2015-2017 biennium. ODOT Transportation Development Division Administrator Jerri Bohard and DAS State Economist Mark McMullen gave the presentation. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

For more than 70 years, Oregon has based the financing of its highways on the principle of cost responsibility. Cost responsibility requires each category of highway users to contribute to highway revenues in proportion to the costs they impose on the highway system. Cost allocation is the process of apportioning the cost of highway work to the vehicles that impose those costs and is therefore necessary for the implementation of the cost responsibility policy of the State of Oregon.

The purpose of the 2015 Oregon Highway Cost Allocation Study (HCAS) was to determine the fair share that each class of road users should pay for the maintenance, operation, and improvement of Oregon's highways, roads, and streets; and to recommend adjustments, if necessary, to existing tax rates and fees to bring about a closer match between payments and responsibilities for each vehicle class.

The study, performed by the Department of Administrative Services, included the assistance of consultants and a Study Review Team (SRT). Members of the SRT included representatives from the Oregon Office of Economic Analysis, ODOT, Oregon Legislative Revenue Office, Association of Oregon Counties, AAA Oregon, Willamette University, the Oregon Trucking Association and private citizens.

Results indicate because light and heavy vehicles pay equitable shares of highway costs in Oregon, there is no constitutional requirement to change user-fee rates for the 2015-17 biennium. This report does not recommend any change that would affect the distribution of revenue burdens between light and heavy vehicles. That information was shared with both the Senate Finance and Revenue Committee and the House Revenue Committee.

Presentation:

ODOT Transportation Development Division Administrator Jerri Bohard introduced DAS State Economist Mark McMullen who gave the presentation on Oregon's Highway Cost Allocation Study (HCAS). Highlights of the presentation included:

- This is Oregon's 19th study. The first was conducted in 1937 by Conde B. McCullough. Since 1999, the state constitution has required a study every two years, and an adjustment of rates if found necessary.
- Cost responsibility – The Oregon Constitution states, "Revenues . . . that are generated by taxes or excises imposed by the state shall be generated in a manner that ensures that the share of revenues paid for the use of light vehicles, including cars, and the share of revenues paid for the use of heavy vehicles, including trucks, is fair and proportionate to

the costs incurred for the highway system because of each class of vehicle. The Legislative Assembly shall provide for a biennial review and, if necessary, adjustment, of revenue sources to ensure fairness and proportionality."

- Highway cost allocations in Oregon ask the question, "Are the shares of revenues paid by light and heavy vehicles fair and proportionate to their shares of costs?" To answer the question, ODOT calculates equity ratios: share of revenue / share of cost. An equity ratio of 1.0 means perfect equity; more than 1.0 means paying more than fair share, and less than 1.0 means paying less than fair share.
- Oregon's approach:
    - Costs to allocate are budgeted expenditures over upcoming biennium.
    - Expenditures of federal funds are included (because they are interchangeable).
    - Expenditures by local governments of state funds are included.
    - Expenditures by local governments of federal and some own-source funds also are included (interchangeability and accountability).
- The nine member Study Review Team (SRT) reviews methods, data, results, and discusses issues and arrived at the following in the 2015 study:
    - Light vehicle equity ratio at 0.9974 accounts for 64.40% of the revenues and 64.56% of the costs.
    - Heavy vehicle equity ratio at 1.0047 accounts for 35.60% of the revenues and 35.44% of the costs.
    - User fees don't need to be adjusted for equity in the upcoming biennium.
    - If user fees are changed for other reasons, equity may be maintained through use of HCAS model.
- Usage of roadways has not grown in a decade, but costs have. Oregon VMT forecasts a continued drop on road use.
- The efficient fee method of highway cost allocation was first proposed and implemented during Oregon's 2001 study and was re-implemented for the 2011 study. It calculates costs imposed as the amount of revenue a vehicle class would produce if it paid efficient fees and compares those to what it pays under current-law fees. If efficient fees were actually implemented, there would be no need to do highway cost allocation studies. ODOT has been conducting pilot studies related to road pricing, including under SB 801.
- Efficient fees charge vehicles the costs they impose on the transportation system, including: wear and tear cost on infrastructure, the costs of building new capacity as existing capacity becomes congested, the costs of administering the transportation system, and may also include external costs such as pollution. Efficient fees also improve fairness by recovering these costs from the specific vehicles that impose those costs and sustainably fund transportation maintenance and investment programs over the long-run through the revenues generated from the efficient fees.
- Estimated change in demand for transportation fuel due to carbon taxes: Oregon's system is where any tax on fuels, any carbon tax on motor fuels, is constitutionally required to go to the Highway Fund. A study from PSU shows significant pullbacks in terms of the use of fossil fuels in light of carbon taxes.

Discussion:
Commissioner Lohman said the fact that there are no changes from last time to this time, and that AAA and the trucking industry agree, is a pretty strong endorsement of the system already in place. This is a good model to show you can set up an administrative system, in a very difficult and contentious area, that most people feel is pretty fair. If the Port of Portland is not successful in getting new container service, resulting in a lot more trucks on the road, Lohman said he assumed that would not make any difference in determining a fair allocation between autos and trucks, but asked if it would have an impact in the future? Mark McMullen responded that the fact that there are more heavy trucks on the road, doing more damage to the roads, would suggest they need to pay a large share. As the VMT balance between trucks and cars is tilted, a larger burden would be on trucks.

Director Garrett said the State of Washington has made significantly different assumptions, and based on that, asked McMullen's level of comfort with those assumptions, and how does that hold itself to the assumptions of the State of Oregon? McMullen said he finds there isn't a real fundamental difference between the two. It's really a longer term view which looks more pessimistic, versus this near-term budgeting forecast that doesn't make much of a difference over a two-year period. Jerri Bohard added that that's often the dilemma, one group is thinking in terms of two years and another in terms of 10-20 years. The challenge is to bring these two together and know the timing when we need to change those assumptions.

Commissioner Baney asked how investments made in transit, rail, and bicycle/pedestrian complement this VMT work in terms of making a purposeful shift in getting people out of their vehicles, and how can we establish and set that concept for the future, versus looking at it as having less revenue due to less VMT. McMullen said that one way is the appeal of this system, according to a lot of stakeholders, and the reason they are making these investments is to reduce the load on the system, but those returns on investments are hard to calculate.

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2015 Oregon Transportation Options (TO) Plan
Agenda Item E

The commission considered a request for approval to adopt the 2015 Oregon Transportation Options (TO) Plan as a statewide topic plan under the Oregon Transportation Plan. ODOT Rail and Public Transit Administrator Hal Gard and ODOT Principal Planner Michael Rock presented the request. ***(Background materials in Director/Commission/History Center File, Salem.)***

Requested Action:
Request approval to adopt the 2015 Oregon Transportation Options Plan as a statewide topic plan under the Oregon Transportation Plan.

Request approval to adopt the supporting information for the 2015 Oregon Transportation Options Plan as part of the record, including the "Findings of Compliance with Oregon's Statewide Planning Goals."

Background:
The Oregon Department of Transportation (ODOT) has worked closely with a Policy Advisory Committee (PAC) to guide development of the 2015 Oregon Transportation Options Plan (TO Plan). The TO Plan is a new statewide topic plan that establishes a vision and policy guidance to integrate transportation options (TO) in local, regional and state transportation planning, programming and investment. The PAC included stakeholders representing interests of active transportation, public health, the business community, freight, local jurisdictions, and existing TO and transit providers. The PAC was co-chaired by Jerri Bohard, ODOT Transportation Development Division Administrator and Hal Gard, ODOT Rail and Public Transit Division Administrator. Eleven PAC meetings were held from September 2013 through February 2015.

During its final meeting, the PAC reviewed comments received during public review and recommended potential edits to the document. All present PAC members agreed to forward the final document to the Oregon Transportation Commission (OTC) for potential adoption. All PAC materials can be found on the Committee's website, http://www.oregon.gov/ODOT/TD/TP/Pages/pac.aspx.

The PAC recognized the importance of defining "transportation options" as part of TO Plan development. Historically, "transportation options" have been referred to as "transportation demand management" or TDM, focusing on managing demand on the transportation system particularly during the commute period (e.g. carpooling, high occupancy vehicle lanes, etc.) The TO Plan extends the definition to recognize the broader benefits that TO strategies provide and frames TO as facilitating transportation choices to meet the needs of residents, employees and visitors alike. "Transportation Options" themselves are strategies, programs, services and investments that enhance traveler opportunities and encourage efficient transportation choices to walk, bike, take transit, drive, share rides and telecommute.

Plan Milestones: Developing the Oregon Transportation Options Plan has been an iterative process built upon background information, interim work products and stakeholder outreach. Some key planning milestones:

- *Established the scope of the TO Plan given the unique services involved in transportation option programs and the varied roles for TO program delivery.*
- *Interviewed and surveyed stakeholders across Oregon to obtain information, document existing programs and identify issues and opportunities for TO.*
- *Researched and reviewed best practices for TO across the nation including highlights for building the business case for TO investments, frameworks for coordinating state and regional programs, understanding TO-based technologies, identifying potential funding opportunities, evaluating governance structures, and integrating TO services.*
- *Assembled seven focus groups to review various elements of TO Plan policies and strategies. Focus group topics included:*

    - *Health and insurance*
    - *Human services*
    - *Outreach and education*
    - *Return on investment*
    - *Ridesharing*
    - *Safety*
    - *Technology*
- *Developed the Plan's policies and strategies organized around ten goal areas covering:*
    - *Safety*
    - *Funding*
    - *Accessibility*
    - *Mobility and system efficiency*
    - *Economy*
    - *Health and environment*
    - *Land use and transportation*
    - *Coordination*
    - *Equity*
    - *Knowledge and information*
- *Recommended three performance areas to measure at a statewide plan level, while emphasizing that program level performance measures be considered during upcoming implementation work.*

Public Review Period and Public Comments: The commission released the draft TO Plan for public review November 21, 2014. The comment period remained open until January 30, 2015. During that time, staff provided notice of the draft plan to interested parties and posted the materials to the project website. Staff concentrated review efforts on Area Commissions on Transportation, advisory committees, and interested stakeholder groups through a process in line with the commission's public involvement policy. A public hearing was held at the commission's January 15, 2015 meeting in Salem; no formal comments were submitted at that time. The comment period was held open beyond the minimum 45-day requirement to allow for additional review time given holiday and meeting schedules for stakeholder groups.

Twenty-six organizations and individuals provided written comments on the draft TO Plan during the public review period. All comments and a summarized comment log were provided to PAC members for the final committee meeting February 26, 2015. The PAC focused on a handful of key comment themes during the meeting discussion and also considered language changes to the policies and strategies based on public input. The highlighted comment themes included:

- ***Plan scope and purpose.*** *There were a number of comments on the opportunity to address items originally identified as outside the scope of the TO Plan (e.g. specific transit service/route improvements). The PAC recommended continuing the original approach of focusing on policy level guidance, highlighting opportunities for TO, and considering overall roles and responsibilities. Specific service improvements are the focus of individual service*

providers. Accompanying state policy language for modes are also being considered in other statewide plans under development.

- ***Equity.*** *Comments were received on how to most effectively highlight the Plan's particular focus on "equity." The PAC recommended retaining "equity" as a standalone goal to call the most attention to the objective, but agreed to strengthen equity concepts in other parts of the document.*
- ***Health.*** *A number of comments received were related to health and the Plan's approach to health outcomes. The PAC agreed that strengthening overall health objectives will benefit the Plan's direction, but chose not to highlight specific health conditions more directly than was done in the draft.*
- ***Safe Routes to School and Youth Access to Transit.*** *The PAC agreed with the importance of school transportation topics and strengthened Plan elements for education and youth transportation. Revisions included highlighting opportunities for coordination with the Oregon Department of Education.*
- ***Policy language and tone.*** *Several commenters urged more direct actions in the document. Staff shared potential language edits with the PAC to strengthen strategies in the document. However, some strategies and actions remain general given the roles and responsibilities for different topics.*
- ***Policy and strategy comments.*** *The PAC reviewed a number of comments on specific policies and strategies as part of its final meeting and directed staff to make several detailed edits to clarify direction.*
- ***Implementation.*** *A number of comments were also received to include plan benchmarks, provide additional detail on the cost and benefits of TO investments and programs, and develop more specific funding recommendations. While the group agreed that these are important topics, many of the detailed items are best addressed as part of the implementation phase of the project highlighted below.*

Implementation: Recognizing the broad scope of TO programs and relationships with local providers, implementation work for the TO Plan has been a focus of the project since its early phases. Implementation work areas identified to date include:

- *Phased "Action Plan" for implementing TO Plan policies and strategies*
- *Program level performance measures for TO providers*
- *Ongoing and refined TO communication and outreach efforts*
- *State TO Program and structure assessment and opportunities for improved delivery*
- *Transit service and TO program integration*

Presentation:

ODOT Rail and Public Transit Administrator Hal Gard and ODOT Principal Planner Michael Rock gave the presentation on the Transportation Options Plan. Highlights of the presentation included:

- The Policy Advisory Committee met eleven times and was exceptionally engaged in getting the word out to communities and collecting feedback.

- Transportation options have historically been known as TDM (Transportation Demand Management). TO expands that definition and recognizes the value of facilitating opportunities to choose.
- Programs and strategies can work in urban areas, and in small community and rural contexts, and included public challenges to reduce driving, and opportunities to promote system reliability and system efficiency in a low cost way.
- Plan milestones: scope; stakeholder interviews; conditions, issues and opportunities; best practices, draft vision, and performance measures.
- Public review ran from November through January and all comments were reviewed for recommended action. Some of the themes heard were about equity, health and safety, Safe Routes to School, and about implementation.

Discussion:
Commissioner Morgan asked what the level of the funding discussion was, and what direction was the group interest in pursuing. Michael Rock said we found out we are all doing some pieces of the work and if we can coordinate better we can take advantage of efficiencies and capitalize on some of the services provided. The group wanted to be very conscious to say that dedicating and "silo-ing" additional funds is not the best way to move forward, it's more about the programs asking for a place at the table and thinking about how TO can help solve transportation problems. They also talked a lot about leveraging funding, and the public health industry in particular. Commissioner Morgan responded that the needs are so much greater than the money on the table right now. Part of this discussion has to be around the viability of having the gas tax program support all this.

Commissioner Lohman said he needs help encapsulating what the plan is intended to do so he can adequately explain it to the person on the street. His take is the plan attempts to outline what the state should be doing to make the best available use of the infrastructure and equipment we have and are finally able to get some funding for. Hal Gard responded that was correct, but also the plan is about identifying and coordinating the options and making sure people are aware what those options are, other than single occupancy vehicles.

Commissioner Simpson said one of his main concerns is residential neighborhoods near a lot of industrial activity. It's very dangerous to see young people and youths walking or riding bikes in pot-hole filled streets next to these very heavy trucks. In regards to goals, municipalities need to start measuring the impacts of how many miles of rural roads are improved and how close those are to residential areas.

Chair Baney said the TO Plan will complement the work being done on the Bicycle/Pedestrian Plan and highlight the needs Commissioner Simpson just articulated.

Action:
Commissioner Morgan moved to adopt the 2015 Transportation Options Plan, including adoption of the supporting information and the "Findings of compliance with Oregon's statewide planning goals." Commission members unanimously approved the motion.

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STIP Funding Allocations
Agenda Item F

The commission received an informational presentation on Statewide Transportation Improvement Plan (STIP) funding allocations, and provided feedback on a number of questions presented by ODOT Assistant Director Travis Brouwer, ODOT Transportation Development Division Administrator Jerri Bohard, and ODOT Highway Division Administrator Paul Mather. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

As ODOT begins development of the 2018-2021 Statewide Transportation Improvement Program (STIP), staff is developing background and funding scenarios to support the OTC decision making for allocating scarce resources to different transportation needs.

Anticipated funding availability for the next STIP is very uncertain due to funding challenges facing transportation at both the state and federal levels. Highway maintenance, debt service, and the costs of operating the agency now use up almost all of ODOT's share of the State Highway Fund, leaving very little for new projects. Therefore ODOT has to rely almost exclusively on federal funding for money for projects in the STIP. But the federal Highway Trust Fund faces an annual shortfall of about $15 billion, requiring Congress to make regular infusions of general fund money to avoid cutting funding by about 30 percent. What's more, the Trust Fund runs out of cash again in May, making it difficult for ODOT to predict funding available for projects through 2021.

With these factors in play, ODOT will be recommending investment scenarios to the Oregon Transportation Commission that focus heavily on the Fix-It side of the STIP program, and that also meet federal and state commitments to non-highway modes (such as the one-percent set aside from State Highway Funds for bicycle/pedestrian programs and minimum required amounts for Transportation Alternatives Program (TAP)). ODOT will present the OTC an initial set of scenarios in April, with a preferred scenario identified in May so the commission can make a decision in June.

Feedback from the commission is requested on a number of questions:

- *Which funding scenario should we select? Do we have enough money to put funding beyond the minimum non-highway funds into Enhance?*
- *With the non-highway money, should we set aside funds to add to existing transit and bicycle/pedestrian programs, or allocate it all to a multimodal program?*
- *What program structure and process should we use to allocate Enhance/non-highway funds? What role should the ACTs and statewide review committees play in reviewing and recommending projects? Should the process be coordinated with other programs like ConnectOregon?*

Presentation:

ODOT Assistant Director Travis Brouwer, ODOT Transportation Development Division Administrator Jerri Bohard, and ODOT Highway Division Administrator Paul Mather walked

through the latest conversation on the STIP, some financial scenarios, and some questions for feedback from the commission. Highlights of the presentation included:

- The team presented the questions for the commission's consideration.
- The minimum modernization requirement in state law is currently met by the debt service paid for the OTIA III modernization bonds and the bonds for the Jobs and Transportation Act (JTA).
- The team presented a review of funding scenarios presented in February against two updated April scenarios based on:
    a) 75 percent ***Fix-It*** amount removed because, based on feedback, that was not enough; it was in fact a reduction from the last STIP.
    b) A review of the math on the three components of multimodal funding.
    c) Federal funding levels.
- Two scenarios: A multimodal program for $20 million annually, or do there need to be some funds that augment that so we have some kind of ***Enhance*** program?
- Allocation to ***Enhance*** and non-highway: Do we have enough money to put funding beyond the minimum non-highway funds into ***Enhance***?
- Non-highway funding priorities: With the non-highway money, should we set aside funds to add to existing transit and bicycle/pedestrian programs, or allocate it all to a multimodal program?
- Program structure and process: What program structure and process should we use to allocate Enhance/non-highway funds? What role should the ACTs and statewide review committees play in reviewing and recommending projects? Should the process be coordinated with other programs like *Connect*Oregon?

Discussion:
Commissioner Lohman said it seems there does need to be some money for ***Enhance*** projects because he worries about creating the willingness and interest on the part of the ACTs to engage, and then being in the position of not using them, or asking them to spend a lot of time for very little return. On the other hand, he likes the simplicity of a 90/10 breakdown.

Commissioner Morgan expressed similar concerns. Having served on an ACT, watching the different modes come on board with a certain understanding of things, and then to not have any roles for those people deflates the whole purpose of the ACT. But on the other side of the coin, if so little ***Enhance*** funding is put in statewide, the discussion in each of the ACTs probably won't be very robust. Either way this goes, this will be a very different undertaking. From the perspective of ACT involvement, Morgan asked if there was any way to have a discussion around the ACTs being involved in the ***Fix-It*** priorities or a role to play in that process?

Paul Mather said one opportunity would be to match up the multimodal aspect of funding with ***Fix-It*** projects. Is there a piece of sidewalk that could be done with a paving project? Are there ADA ramps we could do with some of the bridge projects? Is there a way to marry those two things up and get input from the ACTs on how to take some of those smaller ***Enhance*** items, but keep them connected to the ***Fix-It*** projects in a way that it enhances them and we don't have a lot of standalone ***Enhance*** projects and a lot of standalone ***Fix-It*** projects?

Commissioner Lohman expressed concern that, after finally bringing the other modes into decision making by the ACTs, if the only thing left over is $10 million or less, it might exacerbate the tensions felt when the non-highway modes were brought into the decision making. Commissioner Morgan agreed that it was a rather fragile alliance at this point and we need to be very mindful of not destabilizing that.

The commission discussed various scenarios and different possibilities for funding allocation with all the variables of limited funds, statute requirements, ACT involvement, etc. Chair Baney said this might be an opportunity to come back in May with a matrix that helps outline some of these decision points, and maybe even a recommendation in terms of what a *Connect/**Enhance*** idea might look like and a proposal on what it would look like if the ACTs were more engaged in the ***Fix-It*** process.

Jerri Bohard asked for clarification on whether the commission was just looking at it being multimodal, the process looks different than if the commission is hoping to just make it an 87.5 decision with scenario B.

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The commission adjourned for a working lunch at 12:32 p.m. in the Stuart Foster Conference Room 240.

Chris Cummings walked through issues around *Connect*Oregon that have been identified by the legislature. These include:

- Few applicants have sought loans from *Connect*Oregon, and some have suggested that it would be more appropriate for private sector applicants to get loans rather than grants.
- Concerns have been raised that bicycle/pedestrian projects do not fit well within the framework of *Connect*Oregon and that the program should focus on freight.
- Concerns have been raised about projects that do not involve construction, including purchase of equipment that has a lifespan shorter than 20 years.
- The time of award of FAA grants (March) is not aligned with the award of *Connect*Oregon grants (July), causing some projects to have to wait a year before starting.

Chair Baney expressed a desire to have a discussion about *Connect*Oregon after the legislature finishes its work on the program to set the stage for the commission's modification of the administrative rules. Project readiness will be one of the issues the commission will engage.

The regular monthly meeting reconvened at 1:27 p.m.

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DMV Cost of Services Study and Proposed Fee increases
Agenda Item G

The commission received an informational report on the updated Cost of Services Study for the Driver and Motor Vehicle Services Division (DMV), and reviewed suggested fee increases. ODOT DMV Administrator Tom McClellan presented the report. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

Fees collected by DMV support three core purposes as defined in Oregon Revised Statues (ORS):

1) *Cover direct and administrative costs of providing DMV services*
2) *Provide funding for transportation infrastructure debt service*
3) *Generate revenue for the State Highway Fund (including local government)*

The DMV Administrator formed a project team in October 2012 to determine the true cost of a broad range of DMV products and services. Operational requirements to provide DMV services had changed significantly due primarily to federal and state legislative initiatives. A comprehensive cost study had not been conducted at DMV in many years. The report was issued in September 2013.

The initial report included several significant findings. First, fees collected for driver-related services were recovering only 40 percent of their costs, thereby reducing revenue-generating capacity of vehicle registration fees due to subsidizing the driver-related services. Second, license testing fees and increases to DMV fees over the previous 12 years were for OTIA and JTA purposes and not for cost recovery at DMV. Finally, fee revenues from DMV flowing into the State Highway Fund not otherwise earmarked for specific purposes (such as debt service on bonds) had declined significantly as costs had risen and fees had not kept pace.

The OTC received the initial report in 2013 and requested regular updates of the cost analysis every two to four years. No changes were made to DMV fees after the original study was submitted in 2013. This is the first update of the initial DMV Cost of Services Study.

Cost Methodology - DMV calculated product costs using an allocation of timed and untimed transactions. Costs attributed to administrative and indirect activities were allocated per FTE in operational units. Total operational costs were then allocated to component work or product types.

Findings - The Cost of Services Update shows several areas of cost increases, although individual product costs rose at different rates based upon work timings and transaction volumes. The updated analysis allocated about $20 million more in operating costs than the original study.

The largest increase in overall costs is attributed to the Central Services Assessment, which is estimated at $57.6 million for 2015-17 with about 70 percent as IT-related charges. Personal Services for DMV are estimated to increase by 8 percent despite a 1 percent reduction in FTE. Costs proposed for the DMV Service Transformation Program were not allocated to specific products or services in the Cost of Services Update.

Other changes to the cost of products from the prior study include:

- *Better information on timings shows an average 47 percent increase in the time spent with title related work.*
- *CDL skills tests went from 1 hour 20 minutes to conduct to 2 hours 20 minutes due to new federal regulations.*
- *New federal medical card requirements increased costs for CDL original, renewal, and instructional permits issuances.*

Several fees fall far short of recovering their costs. Examples include Class C Drive Tests, CDL Skills Tests, and Hardship/Probationary Permits. The study team concluded that charging the full amount for individual products or services could in some cases exceed customers' willingness to pay. The proposed fees attempt to achieve cost recovery within categories of products, with some raising more than estimated costs and some falling short of recovering their cost.

DMV fees intended for cost recovery are no longer sufficient to fully recover costs. Fees from vehicle transactions (titles and registration) continue to supplement the driver program products and services. Cost is increasing faster than revenues, resulting in less net revenue for the State Highway Fund. The proposed fee increases are estimated to increase the net revenue by $88.3 million over a biennium. Fees are set in statute and require legislative approval to change.

Presentation:

ODOT DMV Administrator Tom McClellan gave the presentation on the key findings of the DMV Cost of Services Study. Highlights of the presentation included:

- DMV fees overview – purpose of fees and where those revenues are used.
- Fees are almost entirely set in statute.
- Key findings of study: Driver fees only cover about 45 percent of the overall cost of DMV's driver programs, which include testing and issuing of licenses. Driver programs also include maintenance of that driving privilege through programs like suspensions, reinstatements, and work with the courts. The result is that vehicle title and registration fees are subsidizing those driver related activities, leaving less revenue and declining support for the Highway Fund. In addition, field office registration renewals cost about $7 more than if other methods are used.
- New federal requirements have raised the one hour, twenty minute commercial driver license skills test to almost two hours and twenty minutes. More time spent with that activity drives up the cost. Currently, DVM charges $70 for this test which is estimated to cost $664 to perform. Compounding that are third-party testers across the state who charge $165 so we are undercutting the market by charging $70.
- Fee recommendations: Cost recovery groupings, net revenue stabilization by removing the $.50 on fees, and other unique examples.
- Other options: Convenience fees for in-person office renewals, and surcharge for technology to cover the cost of debit/credit card fees.

Discussion:

Commissioner Morgan asked what the potential of a big technology upgrade would be in terms of holding down cost increases in the future. McClellan responded that one of the mitigating

factors is that as entry level positions are eliminated with technological advances, it's anticipated a few more higher level analytical positions will be required.

Commissioner Lohman stressed the need to bring home to legislators the fact that vehicle fees that otherwise would go to the transportation system, are having to go to subsidize driver transactions. McClellan said the division has a mixed responsibility to cover our costs, but also to generate revenue for the transportation system. While fees have increased over time, that hides the underlying issue that the cost of certain activities, that we are charged with doing by statute, are not covered by the fee allowed.

Commissioner Morgan asked how ODOT would respond to a legislator who asked, when a new fee increase is laid on the table, what was being done to make sure DMV's operation is running as efficiently as possible and cost aren't excessive? McClellan responded he first points out the number of positions that have been eliminated over the last three and a half years. Twenty four positions have been cut and DMV went through the same furloughs and salary freezes as other state agencies. DMV is very austere and efficient in what it does, and constantly watches the bottom line in trying to meet its given spending limits, while at the same time managing service levels of wait times in field offices and turnaround times on phones or for title renewals.

Chair Baney cautioned that any recommendations for a transportation package that might come forward be brought to the OTC in a timely manner for presentation at the 2017 legislative session.

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Additional Funding for George Millican Road Project
Agenda Item H

The commission considered a request for approval to amend the 2015-2018 Statewide Transportation Improvement Program (STIP) to add additional funding from Federal Lands Access Program (FLAP), Region 4, Crook County and Deschutes County to key#18446 George Millican Rd: OR126-Reservoir Road located in Crook County. ODOT Region 4 Area Manager Gary Farnsworth presented the request. ***(Background materials in Director/Commission/History Center File, Salem.)***

Requested Action:
Request approval to amend the 2015-2018 Statewide Transportation Improvement Program (STIP) to add additional funding from Federal Lands Access Program (FLAP), Region 4, Crook County and Deschutes County to key#18446 George Millican Rd: OR126-Reservoir Rd located in Crook County.

Project Name	**George Millican Rd: OR126-Reservoir Rd**	
PHASE	**YEAR**	**COST**
Preliminary Engineering	2015	$500,000
Right of Way	N/A	$0
Utility Relocation	N/A	$0
Construction	2016	$7,000,000
TOTAL		**$7,500,000**

Background:
Key#18446 George Millican Rd: OR126-Reservoir Rd is a current STIP project that was originally approved in 2013 for curve correction and Off Highway Vehicle (OHV) undercrossing safety improvement. The project was programmed with $2.997 million of FLAP funding and a $3.340 million total cost, and was to be administered by FHWA's Western Federal Lands Office.

The original project Scope of Work for the FLAP application submitted by Crook County and the Bureau of Land Management (BLM) also included a major element for pavement preservation from OR 126 to Reservoir Road to address poor and deteriorating pavement conditions. The County was concerned the failing pavement condition will result in a range of impending impacts to safety, freight mobility, the local economy, and recreational users. Given the high cost and orientation of priorities at the time, the approval of FLAP funding was oriented to the curve correction and OHV undercrossing only.

In 2014, a concerted effort to resolve the Millican Road pavement condition issue was taken on by ODOT Region 4, Crook County, BLM, and Deschutes County. One of the conclusions drawn from their effort was all of these partners agree that the deteriorating pavement condition for overall functionality of the route has become the highest priority, in terms of what needs capital investment for these northern 15+ miles of Millican Road.

As a result, in December 2014, these partners submitted a FLAP Project Change Request to the Oregon FLAP Programming Decision Committee (PDC), to re-purpose the funding previously approved for Millican Road, request additional FLAP funding, and include partnership funds, for a Pavement Preservation Project in lieu of the curve correction and OHV under-crossing. The project includes the following elements.

The pavement resurfacing, restoration, and rehabilitation includes George Millican Road from MP 0 to MP 15.67 (Reservoir Road intersection), with pavement design specific treatment strategies and final cross-section design specific decisions over the 15+ miles based on cost-saving/life-cycle/functional goals to meet the project purpose.

- *Update to current 3R signing and striping/delineation improvements, and potential super-elevation improvements at key locations, to help improve safety investment value.*
- *At-grade Off Highway Vehicle (OHV) access safety improvements.*

The PDC approved the Project Change Request, conditioned on oversight by ODOT, and increased FLAP funding to 50 percent of the project cost not to exceed $4.25 million. The current total estimated cost is now $7.5 million, with these proposed funding contributions:

- *$3.750 million FLAP award,*
- *$1.0 million ODOT,*
- *$2.5 million Crook County (including $500k in-kind)*
- *$250,000 Deschutes County.*

Presentation:
Gary Farnsworth gave a brief history of the Millican Road project and answered questions from the commission.

Discussion:
Commissioner Morgan asked for clarification on some issues related to this project around oversized loads being able to have a safer pass through Central Oregon. Farnsworth said the issue is that pavement has deteriorated on the north section and it's becoming more and more challenging to run loads over those routes. There are issues with the overall cross-section of the roadway from shoulder to shoulder. This project will make sure we have a good solid structure, wide enough to carry those loads.

Commissioner Lohman clarified that this project did not just benefit Prineville, but really benefits the whole state system by being a viable alternative to bringing those oversized loads down Highway 97, into Bend, and then over. He said it was his understanding that while the parties have gotten together, they were not all in agreement quite yet. Farnsworth said we are close, but noted ODOT has been very clear that it will not spend any resources, even in development, until the agreement is signed.

Action:
Commissioner Morgan moved to approve the request for $1 million, contingent upon agreement between the parties for funding the project. Commission members unanimously approved the motion. Chair Baney noted for the record that she is one of the parties, the dollar amount identified has been approved by the Board of Commissioners, and she will be abstain from the vote for clarity purposes. Commissioners Lohman, Morgan and Simpson approved the motion.

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Immediate Opportunity Fund (IOF) Grant to the City of Redmond
Agenda Item I

The commission considered a request for approval of a Type A Immediate Opportunity Fund (IOF) grant, in the amount of $419,013, to the City of Redmond for construction of a major collector street and an industrial local street. The total project cost is estimated at $838,027. ODOT Region 4 Area Manager Gary Farnsworth presented the IOF. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:
This grant request qualifies for a Type A IOF as it involves the creation/retention of primary jobs in the advanced manufacturing industry, an industry identified by the Oregon Business Development Commission as key to the state's economic growth, vitality, and diversification. One hundred and sixty five (165) jobs will be retained and 28 new jobs will be created within five years.

Medline ReNewal refurnishes medical surgical equipment as a division of Medline Industries, Inc. The company manufactures and distributes medical supplies across the world. The company is privately owned with sales of $5.8 billion in 2013. It has 12,000 employees worldwide, 17 manufacturing facilities, 40 distribution centers in North America and 10 overseas.

The company currently occupies three locations in Redmond but needs additional warehouse space, and the current locations will not accommodate the projected growth or expansion. Medline had considered relocating the Redmond facilities to a number of out-of-state locations including California, Washington, near its corporate headquarters in Lake County in Illinois, and Nuevo Laredo, Mexico.

Project Description: Medline ReNewal is interested in purchasing one half of an undeveloped, 25-acre industrial property owned by the City of Redmond. Two streets need to be extended to service the property. The City of Redmond will extend NE 17th Street, a major collector, some 900 feet between NE Hemlock Avenue and NE Greenwood. The city will also extend NE Greenwood, an industrial local street, 1,300 feet east to connect to the NE 17th Street extension. IOF funds would construct the street extensions to full city standards.

Project Funding and Schedule: The total project cost is estimated at $838,027, which will be split equally between the IOF and the City of Redmond. City funds will include both cash and in-kind services. The schedule calls for the road work to be completed by the end of 2015.

If the $419,013 request is approved by the commission, $3,836,837 will remain in the IOF account.

Presentation:
Gary Farnsworth introduced Business Oregon's Recruitment Specialist Ted Werth who helped present the IOF. He gave a brief overview of the Type A IOF, and answered questions from the commission.

Discussion:
Chair Morgan asked if there was a potential to create additional jobs. Werth responded that 28 new jobs have been identified at this time, but retention of the current 165 jobs is also added in this instance, at an average wage of $33,495. He noted that many were entry level jobs, but most have the opportunity to be certified into higher wage jobs.

Action:
Commissioner Morgan moved to approve the Type A IOF grant. Commission members unanimously approved the motion.

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Immediate Opportunity Fund (IOF) Grant to the City of Redmond
Agenda Item J

The commission considered a request for approval of a Type A Immediate Opportunity Fund (IOF) grant in the amount of $111,006 to the City of Redmond for construction of an industrial street. The total project cost is estimated at $222,012. ODOT Region 4 Area Manager Gary Farnsworth presented the IOF. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:
This grant request qualifies for a Type A IOF as it involves the creation of primary manufacturing jobs which are key to the state's economic growth, vitality, and diversification. Twenty new jobs will be created within five years.

Founded in 1948 in Ashland, Oregon, Nosler, Inc. moved its operations to Bend, Oregon in 1958. With 170 current employees, the family-owned company manufactures premium component bullets, brass, ammunition, and semi-custom rifles for domestic and international customers.

Nosler purchased Silver State Armory, a Packwood, Washington-based company in 2013 and plans to move the Washington operations to Redmond, Oregon. Nosler will construct a 30,000 square foot building on a 60-acre site near the Redmond Airport to house the company's ammunition and cartridge brass operations under the corporate name of Ammunition Development Corp. The company expects to invest $6.5 million to establish the new facility and will create 20 new jobs with full benefits and an average wage of $46,842 per job.

Project Description: The IOF request is to extend SE 6th to provide access to the site. The improvements will be to full City of Redmond industrial street standards.

The estimated total project cost is $222,012, which will be split equally between the IOF and the City of Redmond. City funds will include both cash and in-kind services. The schedule calls for roadwork to be completed by the end of 2015.

If the request for $111,006 is approved, the remaining balance of the IOF account will be $3,725,831.

Presentation:
Gary Farnsworth gave a brief background of the Type A IOF, and answered questions from the commission.

Discussion:
Commissioner Lohman commented that Sisters, Redmond, and other communities in the area are scooping up these IOF monies, which is a testament to local governments working to find these types of opportunities, and learning to take advantage of them. Ted Werth said it has been very beneficial to the local communities and it is very exciting to see everything that is going on.

Action:
Commissioner Morgan moved to approve the Type A IOF. 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 March 19, 2015, Commission meeting in Salem.
2. Confirm the next two Commission meeting dates:
    - Thursday, May 21, 2015, meeting in Salem.
    - Thursday, June 18, 2015, meeting in Salem.
3. Request approval to adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.
4. Approve the following rules:
    a. Adoption of 731-090-0000, 731-090-0010, 731-090-0020, 731-090-0030, 731-090-0040, 731-090-0050, 731-090-0060, 731-090-0070, 731-090-0080, 731-090-0090 relating to the Road Usage Charge Program
    b. Amendment of 734-074-0010 relating to tandem drive axles for motor carriers.
    c. Amendment of 735-074-0060 relating to warning sign requirements for motor carriers.
    d. Adoption of 735-028-0125, the amendment of 735-028-0110, 735-028-0120 and 735-028-0150 and the repeal of 735-028-0130 and 735-028-0140 relating to distribution of DMV secure forms and secure power of attorney forms.
    e. Adoption of 735-150-0041 and the amendment of 735-150-0040 and 735-150-0120 relating to electronic vehicle registration.
5. Request approval to apply $480,625 from the Transportation Enhancement Discretionary Account for design and construction of a pedestrian/bicycle bridge between Gorton Creek Trailhead and the Historic Columbia River Highway State Trail, near Wyeth in Hood River County. The funding will come from the Transportation Enhancement Discretionary Account established by the OTC.
6. Request approval to cancel key#18686 US20: Powell Butte Junction – Arnold Ice Cave from the 2015-2018 STIP.
7. Request approval to cancel the OR221 at W. Mennonite School (MP 11.73) project located in Region 2, Polk County.
8. Request approval to amend the 2015-2018 Statewide Transportation Improvement Program (STIP) to add a new project: OR569 at Delta Highway Ramp Improvements in Region 2, Lane County, City of Eugene. The project will use the remaining $2.5M of funding from the Region 2 2010-2013 Modernization Reserve (Key Number 16944). This will be a Development STIP (D-STIP) project with all of the funding being applied to the PE phase.
9. Request approval to amend the 2015-2018 Statewide Transportation Improvement Program (STIP) to include a construction phase for the I-5 Southbound (SB) Broadway/Weidler Exit Ramp project in Portland by moving funds from I-5: I-405-I-84 (Rose Quarter).
10. Request approval to amend the 2015-2018 Statewide Transportation Improvement Program (STIP) to change the scope of one project and add eleven new bridge projects. Funding will come from cost savings for the Ross Island Bridge Project, Key 17523 ($11 million) and the Siuslaw River Bridge Project, Key 17526 ($19 million). The total cost of these changes is $28,383,900.
11. Request approval to amend the 2012-2015 Statewide Transportation Improvement Program (STIP) to add the US20/26: Vale-Cairo Junction pavement repair project in Region 5. The project is located between the cities of Vale and Ontario in Malheur County. The funding will come from cost savings realized in various other Region 5 projects and currently in the Region 5 Financial Plan. The total estimated cost of this project is $4,000,000.

Action:
Commissioner Lohman moved to approve the Consent Calendar. Commission members unanimously approved the motion.

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Chair Baney adjourned the meeting at 2:13 p.m.

[Original signature on file] Tammy Baney, Chair	Vacant, Member
[Original signature on file] David Lohman, Member	***[Original signature on file]*** Susan Morgan, Member
[Original signature on file] Alando Simpson, Member	***[Original signature on file]*** Roxanne Van Hess, Commission Support