

OREGON TRANSPORTATION COMMISSION

Minutes of the Regular Telephonic Monthly Meeting

May 27, 2020

Salem, Oregon

Due to connectivity issues during the last telephonic monthly meeting held on May 14, 2020, the commission held this meeting to continue review the remaining agenda topics.

The regular meeting began at 8:18 a.m. at the Oregon Department of Transportation Headquarters in Salem, Oregon.

Video recording of the meeting is available online through the commission website:

http://www.oregon.gov/ODOT/Get-Involved/Pages/OTC_Main.aspx

Background materials for all agenda items are stored in **Director/Commission/History Center File, Salem, Oregon.**

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

Chair Robert Van Brocklin	Delivery and Operations Deputy Division
Vice Chair Alando Simpson	Administrator Mac Lynde
Commissioner Julie Brown (absent)	Rail and Public Transit Div Admin Karyn
Commissioner Martin Callery	Criswell
Commissioner Sharon Smith	Climate Office Director, Amanda Pietz Urban
Director Kristopher Strickler	Mobility Office Director Brendan Finn
Asst. Director for Finance and Compliance	Urban Mobility Office Deputy Director Della
Travis Brouwer	Mosier
Asst. Director for Operations, Cooper Brown	Rose Quarter Project Manager Megan
Asst Director for Social Equity Nikotris	Channell
Perkins	Toll Program Director Lucinda Broussard
Asst. Director for Government and External	Implementation Project Manager Kat Silva
Relations Lindsay Baker	ODOT Budget Manager Stefan Hamlin
Trans. Dev. Div. Admin. Jerri Bohard	Commission Chief of Staff Jess McGraw
	Commission Coordinator Michelle Bowlin

Chair Van Brocklin called the meeting to order at 8:18 a.m.

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OTC Chair's Report
Agenda Item A

Chair Van Brocklin opened the meeting by pointing out that we had changed to the different technology platform of WebEx. This allows people to not only hear but to see the commissioners during the virtual meeting. ODOT has also changed to a more interactive closed-captioning provider to assist in transcribing the meeting. Chair Van Brocklin then thanked the public for their submitted comments. He also noted that Commissioner Brown was not able to attend this meeting.

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Director's Report
Agenda Item B

Director Strickler started off by noting that due to connectivity issues during the May 14th meeting we were not able finish the agenda items. Therefore this meeting is a continuation of the May 14th meeting. He also wanted to note that ODOT is working diligently in order to open up some of our DMV offices as we start to reopen after the pandemic. Director Strickler then informed the commission of two items of interest, which were:

- ODOT Safety Division and Transportation Incident Management videos awarded: Three Safety Division entries (impaired driving, distracted driving, and pedestrian safety) were recognized and one Maintenance/Operations entry (Move It) was recognized in the annual WorldFest competition, one of the oldest and largest film and video competitions. Congratulations to these teams.
- The National Association of Government Communicators awarded Kevin Beckstrom, Erin Melwing and Sarah Stone first place in its annual competition; they won for the social media campaign focused on developing recruitments for hard to fill positions. Great job to all.
- Melissa Canfield was recognized as the State's Procurement Officer of the Year; congratulations, Melissa.

Director Strickler then pointed out that today's agenda was developed for the commissioners and the general public to create a budgetary awareness and discussion for where we sit as an agency, the impacts of the COVID-19 pandemic and what that has done to our overall revenues. This is necessary in order to build a foundation and context as we move into a more detailed discussion about our priorities as a combined OTC/ODOT priority set and building towards a strategic plan. The agency's priorities then lead to the goals we are trying to accomplish within those priorities. ODOT needs to measure our performance and from those measurements we can report on the status of what we are accomplishing.

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**ODOT's Long Term State Highway Fund Revenue and Expenditures
Agenda Item C1**

The commission received an overview of ODOT's long-term State Highway Fund revenue and expenditures.

Background:

ODOT has a shortfall of State Highway Fund resources available to pay for agency operations, including costs associated with day-to-day highway maintenance and operations, highway indirect costs, revenue collection (DMV and Commerce and Compliance), and shared services (such as Support Services, Division, Finance and Budget Division, and the Director's Office). The annual operating fund deficit is projected to start at about \$30 million in fiscal year 2021, which begins in July, grow to \$60 million in 2022, and then continue growing from there. Balances in the State Highway Fund can help cover the annual shortfall for a while, but ODOT will exhaust those balances by 2024 if we do nothing.

The amount of State Highway Funds available to operate the agency is growing slowly. Vehicles are becoming more fuel efficient, and almost all new revenues from recent transportation funding packages have been specifically dedicated to the capital projects on the transportation system, rather than to maintenance and agency operations. This is a long-term structural imbalance that predates and was not caused by COVID-19 but will be worsened by the pandemic.

ODOT has identified five general strategies to help balance its budget. These strategies involve both the potential for reducing expenditures and for increasing revenue.

1. Focus limited resources on the most critical programs. *We need to continue focusing on our most critical programs and stop doing some things that aren't the highest priority. Employees can help identify processes and actions we're doing that aren't core to our business and our mission.*

2. Become more efficient. *Identify opportunities to do our priority work differently with potentially less resources to save money while achieving similar outcomes.*

3. Realign service levels. *We always strive to do "A" level work. In some targeted areas or programs, particularly those that are not core to our mission, we may need to intentionally reduce our level of service in order to free up resources for our highest priority work.*

4. Shift costs from the State Highway Fund to other sources. *We need to see if there are programs supported by the State Highway Fund that could be paid for using other funds, such as federal highway funds.*

5. Seek additional resources to help cover our costs. *While we are reducing costs, we should seek more revenue.*

Next steps

ODOT's leadership has formed an internal budget task force to begin developing options to close the gap. ODOT will work with the Commission, stakeholders, and customers to vet, refine, and implement these options over the course of several years.

Presentation:

Assistant Director for Finance and Compliance Travis Brouwer started off the presentation by stating that the intention of today's meeting is to not come up with solutions (that will come later) but to provide information on the background and context on our long-term state highway fund budget challenges.

Currently, in the next few years, the forecast indicates that ODOT will not have enough money coming into the state highway fund to cover all of the costs of operating the agency. This is driven by the fact that our resources for operating the agency are growing at 2% per year and our costs are growing at a rate of 6% per year. One part of our budget is the transportation programs and project side. This is the part that includes federally funded projects, debt service like bonds issued for past project programs, programs and projects directed by statute by the legislature (like HB2017 or the Jobs in Transportation Act), and transit, rail, and safety programs. There are dedicated state and federal funds that are for specific programs.

The other side of our budget is for agency operations. This includes our maintenance and operation forces that are out on the road every day picking up dead deer, patching potholes and plowing snow in the winter. That is the single largest portion of our operations budget at approximately 40%.

Another portion of the operations budget is used for the DMV Commerce and Compliance Division which collects the revenue used by ODOT and the cities and counties to maintain and improve the transportation system. Operational expenses also include support services and things like IT and HR and procurement. A portion also goes to the Delivery and Operations Division and the Policy, Data and Analysis Division. Assistant Director Brouwer then introduced Daniel Porter as the Chief Economist who will be providing some of the background context information to help understand some of our budgetary challenges.

Before Porter began, Chair Van Brocklin asked a clarifying question as to whether ODOT was considered to be a general funded agency. Asst. Director Brouwer clarified that ODOT is not considered a general funded agency; however, there are occasional times when ODOT would have a slight bit of the general fund dollars generally for some sort of special project. For example, passenger rail was briefly funded by general fund resources and the state radio project was partially funded by general funds. He stated that about 99% of ODOT's funds are not general funds.

Porter began by stating that he would be providing information on the two sides of our budget – the transportation projects and programs side and the operational side; first as a high-level overview then drill down to more specifics. The slide presented showed two pie charts – the left-hand side of the pie represents the big picture source of total revenue available in the 19-21 biennium, showing we have \$6.1 billion in our state budget. This is composed of 68% state revenue, 23% federal revenue, 8% bond and 1% general fund for the radio project. The right-side pie chart shows the budget broken into its two big pieces – highway vs non-highway funds. That 68% state revenue equals \$4.1 of the

\$6.1 billion total. Non-highway funds total is 19% and state highway funds is 81%. The 19% non-highway funds are the new transportation taxes coming out of HB2017. These include transit tax, privilege tax, ID card revenue and are dedicated to specific programs and projects.

The next slide breaks down the remaining 68% of state highway revenue (which totals \$3.4 billion). There are three big resources of those state highway funds: motor fuel is about 40%, fuels tax is 36%, and commerce and compliance is 27%. Approximately 90% of the commerce and compliance revenue comes from the weight/mile tax revenue that we impose on heavy trucks that are over 26,000 pounds and they pay per mile based on the weight of the cargo. DMV provides 27% of the state highway fund through registrations and titling.

The next slide shows how those funds get used. Out of the \$3.4 billion, 38% goes to ODOT operations, 35% goes to cities (14%) and counties (21%), 13% goes to ODOT programs and projects, 12% goes to debt service, and 2% are transfers to other agencies. The next slide shows a breakdown of how HB2017 revenues are being used. When legislature approved HB2017, ODOT was provided 6% of our portion for maintenance and the rest was to be divided into specific projects or programs like preservation, seismic projects, bridge projects, safety programs, rest area upkeep, debt service and a small portion to the small city allotment program.

The last slide shows the funds available from both the “projects and programs” and the “agency operations” from 2004 to projected 2029. This graph shows that over time the amount of funding received for agency operations starts at \$500 million in 2004 and gets to \$600 million in 2029; whereas, the funding for transportation projects and programs in 2004 starts off a little under \$100 million and gets to \$900 million. This demonstrates that although ODOT has received a large amount in funding, only a small portion is designated to agency operations.

Porter concluded by saying that the dip seen on 2020-2021 is the COVID-19 effect and is estimated around \$120 million over the course of the biennium; however, the numbers on the chart were compiled in April before real impacts from the pandemic were realized. An updated forecast will be done in July to reassess the forecast and an update will be provided at that time.

ODOT Budget Manager Stefan Hamlin stated that he would be providing a more detailed description of what our problem is. As Asst. Director Brouwer had previously mentioned, our current revenue is 2% while our costs are at 6%. The next slide shows how the debt service debt has been growing. Back in 2000, ODOT had very little service debt but with the different acts that have been passed (OTIA, The Jobs and Transportation Act, some general obligations bonds, and projects coming out of HB2017), we are rapidly approaching \$250 million or more in annual debt service that we have to pay. This debt has to be paid with state funds; it cannot be paid with federal funds. This equates to one in every \$5 that we raise in state funds is committed to the debt service that we must pay instead of being able to use those funds for agency operations.

The next slide shows that another cost driver is in our personal services. Personal services are ODOT employee salaries and other payroll expenses in which we have seen a 49% increase in this area and the graph shows how that is happening over time. The next slide shows that our staffing levels have only increased by 4%. When we see a 49% increase in personal services, the assumption is that we have seen a lot of growth in our staffing levels, and that is not actually true. In the 2011-2013 and

2013-2015 biennia, ODOT gave up a number of positions but HB2017 gave us back those positions so that we are at about the same level we were before losing the positions.

The next slide shows the revenues versus expenditures in a timeline from 2016 to 2025. This shows that, starting this year and 2021, the expenditures are rising above the revenue and that gap is increasing over time. The next slide shows that ODOT does have some reserves that can be used until 2024 before we start going negative.

ODOT wants to figure out how we can build a strategy that would allow us to be able to either push out that negative balance or even resolve the imbalance. Asst. Director Travis Brouwer then talked about how we can close some of the gap and presented the strategies that ODOT has developed to go about that. Brouwer stated that this is really a long-term structural problem in the state highway fund. ODOT learned a lot from 2011 to 2014 during right-sizing: what worked well and what didn't work, and we'll be applying our efforts going forward. Brouwer explained that ODOT is trying to take a targeted and strategic approach to manage the problem as opposed to a one-size-fits-all across the board that did not work well previously. We have created a budget task force that includes the Agency Leadership Board and several executives across the agency in order to bring possible solutions to the commission over the course of the next few years. Even though we have four years to face the cliff, ODOT would rather begin work today on our shortfall and take steps that would reduce our short fall rather than waiting four years and having to make deep painful reductions all at once. ODOT will need to reduce our overall footprint in terms of our head count but that is not the only way that we will be able to close this gap. If we were to only to look at reducing staff as a way to close the gap by 2027, we would have to cut approximately one-third to one-half of our workforce. But, that is one strategy that ODOT will use.

The Agency Leadership Board (ALB) has articulated five different strategies of categories to look at closing the gap as shown on the next slide. The first is focusing our limited resources on the most critical programs and the most core activities of the agency. There may be things or initiatives or processes that ODOT needs to stop doing. For example, the DMV used to send out little label stickers for drivers' licenses when they had an address change. That cost was about \$1 million every two years but was not serving a purpose. Therefore, we need to dig deep into the agency and find out what we are doing today that we may not be able to do in the future given the fiscal realities. The second thing is that we need to become more efficient as an agency and identify opportunities to do our work differently in order to save money. This is an area where we need to sometimes invest in new technology systems that can automate processes and make them more efficient. Again using DMV as an example, DMV has been looking at moving more and more services online so that more people can conduct their DMV transactions online as opposed to having to go into a field office. The third thing is looking to realign service levels across the agency. Some areas that are perhaps less core to the agency's mission, goal and priorities, may need to intentionally lower our level of service in light of our fiscal realities. This is not something ODOT wants to do but with our significant budget deficit we have to look at how we can reduce some of our service levels in ways to save money while trying to minimize the impact on our customers. The fourth thing to consider is shifting costs from the state highway fund to other sources, like the federal highway funds. Although the two parts of our budget are walled off, there are cases where we are covering costs from the scarce state highway dollars that are available for agency operations that we may be able to federalize. For example, we are able to charge the federal highway fund for our project delivery cost. Currently, we

have a very low rate of what we call the indirect cost allocation. ODOT is always conservative but we think we can bump that up a little bit and bring in additional federal money to cover those project delivery costs and free up more resources that can be used for maintenance and operations. The fifth and final thing is as we look at becoming efficient and more focused, we are looking for other opportunities to bring in additional revenue as well. An example would be the motor carrier efficiency program. This is a grant that we used to receive from the federal government that we stopped taking a few years ago. The Commerce and Compliance Division is looking to bring back that money as it could cover a significant portion of the operational cost for the safety enforcement programs. Another opportunity we are looking into is all of the driver service fees that DMV generates but does not cover their costs. We are exploring whether there is an opportunity to approach legislature about increasing some of those fees at an appropriate time. As we work on trying to find additional resources, it is important to note that the ALB has articulated that a core principle should be to remember the customer. We know that there are going to be impacts not only to the agency but also to our stakeholders and customers. Our intention is to work with those customers and stakeholders in the spirit of partnership so ODOT does not disproportionately impact them by hitting their interests and by trying to avoid the worse impacts of attempting to align our budget's expenditures and revenues. Brouwer pointed out that this will be a series of difficult but very necessary conversations. Throughout this process, ODOT will need direction from the commission. Brouwer stated that we are not asking that of the commission today as we want you to have the opportunity to understand and to ask questions and come back at a later date to ask where we go from here. In closing, Brouwer stated that his is not just a technical budget discussion. The budget is about agency priorities and policies and the commission will need to ensure that as we work to balance the budget that we are doing so in a way that preserves the core work and the priorities we are supposed to be achieving as an agency.

Discussion:

Chair Van Brocklin thanked the presenters and said that there is ten minutes left on the agenda for this item so there wouldn't be time for the multiple in-depth questions. Chair Van Brocklin stated that he does agree with Asst. Director Brouwer that this is an issue not to be delayed and should be worked on going forward from this time. He stressed the importance of these discussions being in partnership with ODOT and several external stakeholders. Chair Van Brocklin then asked Brouwer when the commission could learn more about the underlining details of today's presentation and he asked what the thinking was as to how this flows out over the next year. He stated that he believes that with the long February legislative session coming up that we would want to be doing quite a bit of the initial baseline conversation ahead of that session.

Asst. Director Brouwer acknowledged that the chair was absolutely right and matches ODOT's thinking. He stated that over the next couple of months, we will sit with the commissioners either one-on-one or two commissioners at a time to really go into greater depth than we are able to do in a 25-minute presentation. During those meetings, we will go into more details to make sure the commissioners are up to speed and begin to talk about some of the solutions that may be on the table. We anticipate in July to have some fairly in-depth financial discussions. At that time, what will be brought to commissioners is the agency request budget for 2021-2023 for consideration and approval and beginning the work for 2024-2027 STIP as well. That will be a good time for a more in-depth conversation. Thankfully, we do have some time in the sense that we do have a "rainy day fund" that will allow us to not have a drastic action today. We have some time before the legislative

session and this will be an ongoing conversation over the next six months and over the next few years as we continue to have these long-term challenges.

Chair Van Brocklin asked the commissioners if they had any questions. Commissioner Callery noted that he had a clarifying question. He said that there had been some comments regarding HB2017 and the projects that are identified in that legislation and ODOT/OTC does not have the ability to shift funding out of any of those ear-marked projects into other applications, is that correct?

Brouwer said that Commissioner Callery was correct. Our project and program funding is money that we cannot by law shift over to agency operations. That is particularly the case with those dedicated projects in HB2017. Brouwer said that he predicts ODOT will see relatively limited impacts on the STIP and the projects and programs side because of the way they are sealed off by law.

Chair Van Brocklin thanked Commissioner Callery and Asst. Director Brouwer and then Vice Chair Simpson had a question. He asked if ODOT/OTC finds ways to be more efficient and find significant cost savings, what happens when some of those resources are left on the table from any of those ear-marked projects under HB2017? Do those funds have to be redirected back into those particular regions where the projects are ear-marked?

Asst. Director Brouwer said that there is actually a regional allocation for each region of the state for the projects, rather than an individual project level allocation. This was done because it was realized that it would be more flexible for ODOT to shift money among projects as some of them come under budget and some come in over budget. What happens is that if we save money on a Region 3 project, that money would stay in Region 3 for another dedicated funding project. So if we save money on federal projects on the STIP, then we come back to the commission and reallocate that money into other projects on the STIP because that money has to be used for projects. The same thing is applied to any additional money in HB2017 that goes out by formula into the STIP. For example, if we save money on a bridge project, because there is a specific allocation for bridges, then that goes back into the bridge program under HB2017. Therefore, any project savings will flow into other transportation projects.

Vice Chair Simpson had one more question for clarification. It was indicated that ODOT can incur savings through the feds with STIP funds. Are those confined to the programs in which the funds are used (for example bridge projects)? Or are those funds confined based on region or can they be broadly used throughout the state?

Brouwer responded by stating that the federal funds that we receive from FHWA (Federal Highway Administration) are ones that the commission allocates in the STIP. They are fairly flexible within the category that the federal government gives us. So what we are looking at is perhaps taking a little bit more money off of the top of those FHWA funds and using them to cover our indirect costs of project delivery. This is something the feds already do but ODOT is looking at a higher rate to charge federal funds. That would reduce the total amount of FHWA funding available to go into the STIP by a small amount and that would overall reduce the amount of money in the STIP in order to preserve more money for our maintenance operations.

Commissioner Sharon Smith then asked the question, of the state revenues that we show flows to other local governments, is that discretionary or mandated under the law?

Brouwer confirmed that they are statutorily directed. That has been directed by the legislature over time and that will continue to flow to local government.

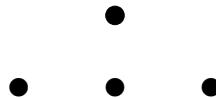
Chair Van Brocklin said that his understanding is that the legislature periodically looks at that formula to adjust it and ODOT then implements the split and asked if he was correct.

Brouwer stated that he was correct. The basic formula is now set at 50% ODOT, 30% to counties, and 20% to cities for any new money coming into the state highway fund. That was done around the time of the transportation act of 2009. They used the same split in HB2017. However, how they distributed the money was a little different in that there was some work among the counties to ensure that every county received a base funding allocation; particularly, some of those counties that have been impacted by the loss of the federal timber payment so they would have enough money to operate their road system.

Chair Van Brocklin thanked Brouwer for this answers. He is sure there are many more questions from the commissioners, but unless someone had a question that couldn't wait, he recommended waiting until after the in-depth individual sessions so that questions are more organized. He stated that people should be reassured that the commission will have a chance to really drill down in to this topic over time.

Action:

No action taken.



***2021-2023 Agency Request Budget for ODOT
Agenda Item C2***

The commission received an informational presentation on the development of the 2021-2023 Agency Request Budget for ODOT.

Background:

This presentation will explain the process used to develop the ODOT budget and the role of the Commission. The development of the Agency Request Budget is governed by a set of instructions from the Department of Administrative Services. The second presentation, at the July commission meeting, will be for approval of the ODOT 2021-2023 Agency Request Budget.

Presentation:

ODOT Budget Officer Stefan Hamlin began the presentation by stating he would be walking the commission through the 2021-2023 commission budget. Hamlin stated that today's presentation was developed in May and at this time is more informational. This is because when the April forecast was completed, it was done prior to the pandemic impacts. The hope is to have the full numbers by

mid-June and he will be presenting a more comprehensive budget plan for 2021-2023 in July for formal approval. His intention is to walk through the steps of how we go about building a budget. We have some areas where the OTC makes decisions and we will show the impact of OTC decisions on the budget process. In addition to the STIP projects, other things that are listed for OTC approval include approval of the traffic safety plan, the development of approval of the transportation plan, modal and other plans, agreements that we make with local governments, tribes or other state agencies, and implementation of tolling or other new programs. Those kind of things will impact how we build our budgets as we move forward.

The next slide shows the building blocks of the budget. There are personal services, which is all of the compensation that we have paid to our employees. Services and supplies are non-personal expenses which could include things like professional services, contractor payments, rent, office expenses, telephone services, and IT software. We also have the capital outlay. These are items that usually have no more than 2 years of life and cost \$5,000 or more that are consumed in routine agency operations. Special payments to external entities including other state agencies is another item, as well as capital improvement and capital construction which are land and building expenditures. Lastly, we have debt service where we have to pay principle and interest on outstanding debt.

The next slide shows a high-level overview of our budget process. We usually start working on the budget in November of the odd numbered year, like we did last November. Then we start working through what is called a base budget in March. The next step we are working on is the current service level which is then brought to the commission for approval in July. Then that becomes our agency request budget that is sent to DAS (Department of Administrative Services) in its entirety in August. In the fall is when we will work with the governor's office and DAS and our agency request budget becomes the governor's recommended budget in December. The legislative session in February is where our budget is brought before the legislature for review at which time the budget is then called the legislatively adopted budget. After the legislature approves the budget, it is then called the legislatively approved budget.

The next slide goes into further detail showing a few other things considered from the start of the budget in November 2019, the base budget in March 2020 and current service level in May & June 2000. While working on the base budget, the starting point is the approved 2019-21 budget including any February session adjustments. In April, we look at Daniel Porter's new projections and DAS does a personal services freeze to create a snapshot of each agency's budgetary file for personal services and use that data to incorporate into our budget. Considerations for inflation, programs and projects that have been phased out, and any technical adjustments are done in May. One thing that is still outstanding right now is the reorganization of the agency that was approved last fall by ODOT/OTC for which DAS and the legislative office just approved. With that approval, we are now working on moving different parts of the organization around to reflect that reorganization within the budget.

The next slide indicates that once we have our current service level budget, ODOT brings that to the OTC for approval. ODOT will also add any policy operation packages in that request. Currently, we have a couple of policy operations packages that revolve around maintenance stations; additionally, the new DMV system requires payments to the vendor in order to maintain and operate the system

on our behalf. After ODOT/OTC approves the budget and it is submitted to DAS, ODOT then works with DAS and the governor's office in September and October on any recommendations they might have. Our economist, Daniel Porter, also performs another budget forecast in the September-October time frame to check if there are specific impacts to see if further adjustments need to be made. This year we will be specifically looking at impacts of the COVID-19 situation. After any October changes are made, the budget is ready for the governor to review. It is a statutory requirement for the sitting governor to publish a governor recommended budget by December first. If there is a newly elected governor, then they have until February first. Once we have the governor's recommended budget, we move into the legislative phase starting in January and it usually goes through June or July. During that time the legislature can make changes to our budget bill or pass other bills that may affect our budget. At the end of the legislative session, we have the legislatively approved budget. In the interim, before the session is closed, we are able to go to the emergency board or special session to make other budgetary adjustments as needed on our construction projects. An example would be if one project comes in under budget and another goes over budget and we need to rebalance our budget.

The next slide shows a high-level look at our fiscal years 2022 and 2023 projected revenues and expenditures. The projected revenues at this time show \$5 billion and projected expenditures are \$4.7 billion. A high-level summary for each grouping is shown of the projected expenditures, with the understanding that we are still working in the budget space and what we present in July may look different as the approved reorganization gets implemented into the budget. Expenditures show roughly \$2.931 billion under delivery and operations (formally, the highway division), \$0.332 billion from DMV & Commerce & Compliance, \$0.196 billion from policy, data and analysis, \$0.423 billion from public transportation and safety, \$0.426 billion from debt service and \$0.297 billion from support services. For comparison, last biennium we had \$5.6 billion in revenue and \$5.2 billion in projected expenditures and a lot of that was our bonded program. We continue to do our bond projects but we saw an increase due to HB2017 demands. As projects start spending, we are able to adjust our budget moving forward.

In closing Hamlin reminded the commission that this presentation in May is to offer more information through a high-level process of how we develop the budget and, in July, the commission will be presented the budget for their approval. He also stated that he would like to be able to go over different details of the final numbers with the commissioners prior to the July meeting so that they would have some time to reflect on them before making your decisions.

Chair Van Brocklin thanked Hamlin for his presentation and agreed that individual briefings prior to the July presentation so that the commission can understand the budget in greater detail will help to have a productive conversation in July.

Action:

No action taken.

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Strategic Investments
Agenda Item D

The commission was requested to provide feedback regarding a proposed phased approach to developing the Commission's 2020 Investment Strategy.

Background:

During a series of Strategic Investment Workshops in 2019, the Commission requested the opportunity to update the 2017 Investment Strategy.

Objectives:

The Investment Strategy update is designed to help the Commission effectively exercise its role in directing investments in the transportation system by:

- *Ensuring the Commission's investment decisions are informed by policies adopted by the Commission in the Oregon Transportation Plan and other statewide plans.*
- *Informing the Commission's investment decisions through data, measures of need and transportation system performance.*
- *Understanding gaps between available transportation funds and capital and maintenance needs.*
- *Understanding the consequences of failure to meet these needs to the transportation system, economy and communities.*
- *Discussing potential options to close the gap between available resources and needs.*
- *Developing an understanding of policy decisions and trends (such as climate change and technology) that may impact revenue availability and investment decisions during the period of the strategy.*
- *Informing Commission decisions on funding allocation in the 2023-2025 Agency Request Budget and 2024-2027 STIP.*

Phased Approach:

ODOT proposes a phased approach to the 2020 Investment Strategy. As a prelude to allocating funding in the 2024-2027 STIP, Phase I of the investment strategy development will build on the previous iteration by evaluating current investment strategies based on system-wide needs and 10-year financial projections updated to reflect increased revenue flowing from HB 2017 as well as the emerging trends and challenges impacting the system and Department.

Major Components of Phase I Evaluation:

- ***Baseline:*** *Examination of current financial position/funding levels, investment strategies and resulting performance, as well as total transportation system needs and the gap between needs and existing funding levels.*
- ***Funding reduction:*** *Examination of impacts and implications of possible funding reductions, due to either reduced resources (for example, due to a recession, COVID-19 or other reason) or a decision to shift investment priorities.*

- **Funding increase:** Examination of impacts and implications of possible funding increases, due to either increased resources (for example, due to an increase in taxes or fees or a federal infrastructure investment) or a decision to shift investment priorities.
- **Options for sustainable revenue generation:** Status of current efforts to stand-up sustainable revenue and options for further exploration in the future (such as tolling, road usage charging/OREGO, true-cost pricing, and multimodal funding options).

Phase II Evaluation:

Phase II of this effort will be sequenced according to Commission direction and will evaluate existing investment strategies against alternate investment options designed to maximize beneficial outcomes across identified Commission and Department priorities.

Proposed Investment Strategy Process and Timeline:

- **May:** Proposed phased approach, overview process and timeline. Gather Commission feedback on draft baseline overview for each investment area.
- **Mid-June:** Publish draft Phase I document.
- **July:** Anticipated Commission approval of the investment strategy.
- **TBD:** Launch Phase II of investment strategy update.

Attachments:

Attachment 1 – Executive Summary of OTC Investment Strategy

Presentation:

Asst. Director Travis Brouwer and Kat Silva, project manager for this investment strategy and HB2017 implementation staff member, provided the presentation. Brouwer began by providing a brief background on the investment strategy to remind the commission where ODOT started and where we are going and noted that Kat will bring everyone up to speed on our revised plan in terms of scope and schedule. ODOT first talked about our investment strategy process at last December’s monthly commission meeting and in January started to go in-depth regarding our fix-it programs and road conditions and our efforts to keep them in a good state of repair. ODOT planned to provide details in all areas of the program so that the commission could be well-briefed on our key goals and priorities in order to achieve the agency’s mission within our fiscal restraints. However, COVID-19 intervened and we had to shift to meetings online and cancel a couple of meetings and, as a result, haven’t had time to go in-depth regarding the budgetary items on the transportation subject.

As a result of that schedule change, today ODOT would like to present a proposal for a modified phased approach. The phase one effort will focus on providing the commission with the basic factual background on the needs of the system and the funding shortfalls and then later have a trade-off discussion on how our goals and priorities inform those investments. Back in December, ODOT presented the objectives for the investment strategy that were agreed upon by the commission based on the priorities and direction given to ODOT by the commission in the past. The goal of today’s update on our investment strategy is to help the commission understand the policy decisions, the trends that impact revenue and investment decisions. It is important to understand the gaps that ODOT has between the available funding for the transportation system and the need for investment as we define it. It is especially important to understand the impact and consequences of that gap as the need is unmet at current funding levels and the potential impact of further reductions in funding,

particularly with scenarios looking at federal funding or an economic recession that could impact our funding. We also need discussions about the potential for generating sustainable revenue. All of these things are in service to inform the commission about decisions you will make regarding funding allocations in the STIP and Agency Request Budget.

ODOT's investment strategy has been designed to fill a gap that has been identified over the years between our statewide transportation policy and the funding decisions that the commission makes in the agency request budget, the STIP and our non-highway grant programs that the commission approves. ODOT has high-level transportation policies that are included in the Oregon transportation plan and our statewide modal plans and ODOT needs a way to translate those policy directives into the on-the-ground direction to the agency for how to prioritize resources in the agency request budget, the STIP and other grant programs. The reality is that ODOT has investment strategies across all of the different agency areas of the system but they are not always explicit or strongly vetted by the commission. The goal of this investment strategy is to make sure the commission is provided that direction at the strategic level in order to help make those informed funding decisions down the line and to make all of those things explicit. Brouwer then introduced Kat Silva to walk through the adjustments and general direction of the investment strategy that we are looking to have approved.

Silva restated that in January it was ODOT's intention to provide the commission with some context and foundational information regarding the fix-it programs, bridge, and maintenance. ODOT had robust plans to present the commission with contextual background information on the other investment areas within the agency; however, COVID-19 has delayed those plans. This proposed modified scope and phased approach is reflecting those delays. In phase 1, ODOT is proposing that we would provide the commission in July with an objective snapshot of funding, needs, conditions, and impacts (including emerging trends and sustainable revenue options). This will include information regarding the needs gap across the board, the implications to the system if the funding were to be reduced, strategies if we would receive additional funds and to provide an overview of the additional sustainable revenue options that we are currently exploring. ODOT will provide the foundational information on what our current investment approaches are within the various areas, the implications of what has been purchased in terms of performance and system network, and economic implications of users of the system. Our hope is that by providing this information to the commission, it will be timely for the decisions that need to be made regarding the 2024-2027 STIP development in July. The information will also serve as a sort of precursor to the higher level policy decisions and goal setting priorities that you will be making for the next 20 to 30 years in transportation.

In closing, Brouwer stated that ODOT envisions sharing our draft of the investment strategy next month to allow the commission to provide some feedback and in July, bring the strategy in a final draft, having been vetted by the commission when we bring it forward to kick off that STIP allocation process.

Discussion:

Chair Van Brocklin thanked Brouwer and Silva and noted that this is another topic that the commission needs to meet with ODOT staff for further detail in June.

Action:

No action taken.

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Consent Calendar
Item E

1. *Approve the minutes of the April 16, 2020 telephonic commission meeting in Salem.*
2. *Confirm the next two commission meeting dates:*
 - *Cancel Thursday, June 18 commission meeting in Salem.*
 - *Thursday, July 16 commission meeting in Salem.*
3. *Adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.*
4. *Approve the following Oregon Administrative Rules:*
 - a. *Approve the permanent Oregon Administrative Rules:*
 1. *[Amendment](#) of 735-001-0062, 735-016-0060, 735-062-0001, 735-062-0002, 735-062-0090, 735-062-0110, 735-062-0125, 735-062-0160, 735-063-0200, 735-063-0205, 735-063-0260, 735-063-0265, and the adoption of 735-062-0006, 735-062-0008, 735-062-0011, 735-062-0022, 735-062-0023, 735-062-0031, 735-063-0268 relating to Real ID.*
 2. *[Adoption](#) of 735-062-0295 relating to the fee for issuance of a Real ID compliant driver license, driver permit or ID card.*
 3. *[Amendment](#) of 740-045-0070 relating to the Trusted Carrier Partner Program.*
 4. *[Adoption](#) of 741-030-0010, 741-030-0020, 741-030-0022, 741-030-0025, 741-030-0030, 741-030-0040, 741-030-0050, 741-030-0055, 741-030-0060, 741-030-0065, 741-030-0070 relating to railroads.*
 - b. *Approve the DMV temporary Oregon Administrative Rules:*
 1. *Temporary adoption of 735-018-0150 and temporary amendment of 735-010-0008, 735-018-0010, 735-018-0020, 735-060-0120, 735-061-0410, 735-061-0420, 735-061-0440, 735-061-0450, 735-062-0070, 735-062-0078, 735-062-0080, 735-062-0140, 735-070-0110 relating to DMV online services.*
 2. *Temporary amendment of 735-010-0070, 735-018-0100, 735-062-0005, 735-062-0007, 735-062-0010, 735-062-0013, 735-062-0135 relating to various STP changes.*
 3. *Temporary amendment 735-010-0260 and temporary adoption of 735-062-0088 relating to notice delivery methods.*
 4. *Temporary amendment of 735-050-0080 relating to Mandatory Insurance Compliance.*
 5. *Temporary amendment of 735-062-0087, 735-062-0096, 735-062-0115, 735-064-0080, 735-064-0090, 735-064-0230, 735-064-0235, 735-070-0054, 735-070-*

0055, 735-070-0060, and the suspension of 735-070-0090 relating to permits and restrictions.

6. *Temporary amendment of 735-062-0385, 735-074-0080, 735-074-0120, 735-074-0140, 735-074-0180, 735-074-0220, 735-076-0000, 735-076-0002, 735-076-0005, 735-076-0007, 735-076-0010, 735-076-0015, 735-076-0018, 735-076-0020, 735-076-0035 relating to the At-Risk Driver Program.*
7. *Temporary amendment of 735-063-0210, 735-063-0240, 735-063-0250, 735-063-0280, temporary adoption of 735-063-0263, 735-063-0311 and the suspension of 735-062-0085 and 735-063-0310 relating to commercial driving privileges.*
8. *Temporary amendment of 735-063-0290 relating to CDL hazardous materials endorsements.*
9. *Temporary amendment of 735-063-0340 relating to medical waiver extension for holders of commercial driving privileges.*
10. *Temporary amendment of 735-063-0360 relating to serious traffic offenses.*
11. *Temporary amendment of 735-064-0220 735-072-0020, 735-072-0023, 735-072-0027, temporary adoption of 735-072-0041 and suspension of 735-072-0035 relating to the Driver Improvement Program.*
12. *Temporary amendment of 735-080-0046, 735-080-0080 relating to temporary duplicate disability parking permits.*

5. *Approve the 2021 Oregon Highway Safety Plan and Section 405 application. Additional approval is requested to authorize the Transportation Safety Division's Administrator to sign the necessary agreements to carry out projects in the safety program.*
6. *Accept the Oregon Department of Transportation's (ODOT) internal audit report on construction contract change orders, the final report in the series of project delivery audits included in the 2018-2019 Audit Plan.*

Action:

Chair Van Brocklin declared a conflict with the Right of Way resolution and abstained from voting and deliberations on consent 3. Commissioner Smith moved and Commissioner Callery seconded to approve consent 3. Commissioners Smith, Callery, and Vice Chair Simpson approved the motion. Van Brocklin abstained from voting and Commissioner Brown was absent.

Commissioner Callery moved and Vice Chair Simpson seconded to approve, en bloc, consent items 1, 2 and 4-6. Commissioners Callery, Smith, Simpson and Chair Van Brocklin unanimously approved the motion. Commissioner Brown was absent.

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Climate Office Update
Agenda Item F

The commission received an update on ODOT's Climate Office, including its ongoing efforts to implement Executive Order 20-04 and the Statewide Transportation Strategy (STS).

Background:

In late March 2020 ODOT announced the formation of a new Climate Office. Plans to launch the Office were made several months prior and took shape following the conclusion of the 2020 Legislative Session and on the heels of Governor Brown's Executive Order 20-04 on climate. The Climate Office was created recognizing that concerted and strategic efforts are needed to understand and prepare for the impacts the climate is having on Oregon's transportation infrastructure and to reduce the carbon footprint of transportation, which accounts for the largest share of greenhouse gas (GHG) emissions in the state.

The Climate Office has a staff of six and consists of three parts:

- **Climate Change Mitigation**
Implementing ODOT's Statewide Transportation Strategy: a 2050 Vision for Greenhouse Gas Reduction (STS), pursuing transportation electrification, and reducing the carbon footprint of ODOT and the transportation sector.
- **Climate Change Adaptation**
Understanding the impacts of climate change and better preparing ODOT's infrastructure and responding.
- **Sustainability**
Continuing and reporting on a limited set of sustainability actions, such as Solar Highways, water resource management, energy use, and similar efforts.

The current focus of the Office is primarily on mitigation, complying with Executive Order 20-04 and on multi-agency STS implementation efforts (see below). In addition, staff is supporting adaptation through the creation of an Adaptation Implementation Roadmap. The Roadmap will help the Agency better understand how the climate is changing, associated impacts to transportation infrastructure, and to develop an approach for ODOT to better prepare for and respond to events such as intense rainfalls and flooding, landslides, wildfires, and sea-level rise.

Overall, the Climate Office will work across ODOT Divisions to educate, develop and institutionalize mitigation and adaptation strategies in the ways the Agency plans for, invests in, builds, manages, maintains, and supports the multi-modal transportation system. Staff will also work with other state agencies and local agency partners to find collaborative approaches and solutions, connect with stakeholders, and learn best practices from other states.

The staff makeup and activities of the Climate Office will evolve over time as the work evolves and opportunities are identified.

Executive Order 20-04: Directing State Agencies to Take Actions to Reduce and Regulate Greenhouse Gas Emissions

On March 10, 2020, Governor Brown signed [Executive Order 20-04](#), directing several state agencies, including ODOT, to take actions within their authority to regulate and reduce GHG emissions. The Executive Order included the following directives to ODOT:

- **Conduct a Transportation Electrification Infrastructure Needs Analysis**
ODOT is directed to identify electric charging infrastructure needs in order to support transportation electrification and produce a report by June 30, 2021.
- **Evaluate the GHG Emission Impacts of Projects as Part of the STIP Planning Process**
ODOT is directed to develop and apply a process for considering GHG emissions in making STIP decisions, and produce a report by June 30, 2021.
- **Identify and Implement Assistance for Local Planning to Meet GHG Reduction Goals**
ODOT and DLCD are required to identify and implement technical and financial support for local planning efforts to meet GHG reduction targets.
- **Integrate Climate Change into Agency Decisions**
All agencies are directed to integrate climate change, climate change impacts, and the state's GHG emission reduction goals into policy, planning, and investment decisions.

The Climate Office is leading the Agency efforts to comply with the Executive Order, working across ODOT Divisions and groups. Several of these directives will require input from the OTC and staff will update the Commission regularly. Consult support will be sought as needed, and ODOT will actively collaborate with other state agencies and stakeholders. A more complete summary of ODOT's response to these directives can be found in Attachment 1, which is a required report due to the Governor by May 15, 2020. As noted in the Attachment, one of the actions ODOT has identified to comply with the general directive of integrating climate into agency decisions is to develop a STS Mid-Term Implementation Plan. The Plan will be developed within the next year and include additional actions the agency will pursue to implement the STS and reduce transportation-related emissions.

Multi-Agency STS Implementation Work Program

In addition to an agency-specific STS Mid-Term Implementation Plan, mentioned above, ODOT is also working on a multi-agency implementation work program for the STS. The multi-agency work was directed by the Governor in a letter sent late 2019 and affirmed in Executive Order 20-04. Accordingly, ODOT has been meeting with the Department of Land Conservation and Development (DLCD), Oregon Department of Energy (DOE), and Oregon Department of Environmental Quality (DEQ) to develop a cooperative work program. This work was led at the highest levels of the agencies by the Directors and respective Commission Chairs. Staff from each agency also met and agreed on actions requiring two or more agencies to collaborate, and that are likely to have a measurable GHG reduction impact. All strategies in the STS were reviewed and the following main categories of actions have tentatively been selected:

- ***Electric Vehicles***
Identify rules, regulations, and supporting actions to promote transportation electrification.
- ***Cleaner Fuels***
Support DEQs Clean Fuels program and identify state-actions to support transition to cleaner fuels for all modes of transportation.
- ***Transportation Options***
Decrease drive-alone trips through parking management, pricing, and demand management techniques.
- ***Local GHG Reduction Planning***
Provide technical and financial support for local GHG planning efforts and amend rules.

The STS Multi-Agency Work Program will be finalized by June 2020.

Attachments:

Attachment 1 – May 15, 2020 ODOT Report on Executive Order 20-04

Presentation:

ODOT Climate Office Director Amanda Pietz began by stating it was her intention to share broadly what the climate office is about and the major work efforts we have moving forward. After having some one-on-one conversations with the commissioners, she submitted the Executive Order 20-04 from Governor Brown on May 15, 2020, which directed several state agencies, including ODOT, to take actions within their authority to regulate and reduce greenhouse gas (GHG) emissions. The Executive Order was signed by the governor on March 10, 2020, although ODOT started conceptual work in January and February because, as an agency, we started to recognize the real and critical impacts climate is playing out on the transportation system. Our frontline maintenance staff encounter the effects of climate change on a daily basis, whether it's cleaning out culverts more frequently or seeing landslides more frequently; these are real impacts to the transportation system. Adverse climate changes can not only effect the movement of people and goods immediately but also have a long-term and lasting economic effect. ODOT views keeping the roadways open and our multimodal transportation system functional as a critical service that we provide. Therefore, we need to understand the impacts of climate change and figure out how to address those issues.

Additionally, there needs to be an understanding of how transportation can negatively impact the climate overall. Pollution from the exhaust from cars and trucks account for nearly 40% of the GHG emissions, which is the highest polluting sector. Consequently, this makes it important to figure out how to reduce our overall carbon footprint. The climate office staff is charged with putting a climate lens on as we make plans for the transportation system and maintaining that climate lens as it is integrated through all of ODOT's work.

Pietz currently has a staff of four and is hiring a fifth working in the program areas of mitigation, adaptation and sustainability. Mitigation includes ways to reduce pollution or our carbon footprint. ODOT is pretty well-situated to start this work because we have a road map in existence already. The statewide transportation strategy was completed back in 2013 and was adopted by the commission in 2018. It establishes ways to reduce GHG emissions from people on the ground, in the air, and freight across all transportation modes; the objective is to reach the statewide goal to reduce

GHG emissions by 75% of the 1990 emissions level by 2050. The executive order by the governor in March placed a more aggressive 80% goal by 2050. That existing roadmap shows that there is no one silver bullet to reduce emissions but a combination of different actions. These include vehicle and gas pricing, how we price the transportation system, engagement in systems and programs like OReGO and the value-pricing in the Portland metro area, making sure that our systems flow and move smoothly without delays. Also, recognizing the big impact that transportation options can have in trying to lower the emissions, such as promoting walking or using public transportation, will be important not only for climate issues but also the equity and other important outcomes.

Another important aspect is recognizing the role that land use plays in making transportation options viable so people can walk or bike to their destinations and have more options at their disposal to choose from. We know that even in the most progressive areas in the nation, the predominant mode of travel tends to be driving. ODOT has several strategies that target cleaner fuels and electric vehicles so even though those driving trips occur, we are able to reduce the carbon profiles and have other modal options available. In 2018, there was an update to the statewide transportation strategy when we developed a monitoring report that asked “how are we doing?” and “are we on-track?” with the division, and we wanted to know the outcomes of those questions. While we made progress on those things, we have seen an uptick in the emissions from the transportation sector short-term; although we are projected to reduce emissions, we still have a significant gap between where we are and will be as opposed to where we need to be in order to be aligned with the strategy vision. What we confirmed in that 2018 report is that the statewide transportation strategy is still the road map for Oregon in reducing GHG emissions and the strategies presented originally are still valid.

We also found and confirmed that through a combination of different policies and strategies we can achieve the strategy vision. On the chart presented, it shows that the six areas we need to pursue and it indicates that 50% of the area to work on is in the vehicles and fuel area, which stresses the importance of that element. The other three areas that we need to keep working on are pricing, transportation options, and system operations.

The executive order 20-04 that Governor Brown implemented required several agencies to take immediate action to reduce the impacts of climate change. ODOT has several specific directives from the governor’s office. The first is to look at the GHG emissions as we make investment decisions. The requirement is that we have our approach finalized by June 2021 but we know that we have to act sooner than that. As the commission starts the financial discussions and decisions, it is important to understand the outcome of those different GHG emission scenarios. The Climate Office plans to bring the commission scenarios showing the impact of GHG emissions later this year but it won’t be perfect, as this is the office’s first attempt to try to understand and quantify and describe the impact. As the commission and the agency work on goals and objectives it is important that we give explicit consideration to understanding the impacts on climate as we look at different investment portfolios.

One of the other requirements in the executive order is around transportation electrification. In the structure of the Climate Office under mitigation there is a program manager dedicated to transportation electrification, and based on the executive order ODOT will be taking more of a lead role in helping to implement transportation electrification. This will require working with some of our sister agencies like the Department of Energy and also with utilities across the state to

understand what their needs are. This requirement in the executive order is around understanding the charging needs and the gaps within our charging system. ODOT will be primarily focused on light vehicles like cars and trucks but we will also be focusing on other electrification needs for things like charging scooters and bikes as well as the potential for bigger trucks as we are starting to see some companies producing larger vehicles.

Pietz pointed out that ODOT is trying to think holistically about these issues by thinking how do emission reductions fit in a bigger program and how do we compliment and collaborate with others to accomplish our requirements. Another requirement is around supporting local GHG emission reduction planning. The executive order requires the Department of Land Conservation and, specifically, the Land and Development Commission, to emend the transportation planning role and require that local jurisdictions plan for GHG emissions and meet their local targets. ODOT and OTC are charged with finding the funding to support those local areas doing the planning work, including the technical support and staffing needs the agencies would need to provide in order to accomplish that. In the next couple of months, ODOT will be working with the Department of Land Conservation and Development to support their work and to look at what funding options may be available from existing resources or reallocating resources and identifying any needs that support their efforts.

And, lastly, we are working to implement the statewide transportation strategy across agencies. Although ODOT is a key lead as the transportation agency, ODOT is not the only entity responsible for the implementation. This will require collaboration across agencies, local jurisdictions and even the private sector. The executive order points out the need to have that multi-agency collaboration. The result of that work is the creation of a multi-agency STS implementation work plan with three areas to work on: vehicles and fuels; transportation options; and GHG decision-making. That is the culmination of some of the preliminary work done by Department of Land Conservation and Development, the Department of Energy, and the Department of Environmental Quality, along with ODOT, going through the transportation strategy. Looking at the gap, we asked how state agencies can work together and collaborate between two or more agencies in order to create a foundation. The actions of individual agencies alone won't help us reach the GHG reduction goal. What has been identified in the preliminary work that is now being branded "Every Mile Counts" are actions around transportation electrification and developing an action plan for how we move forward, such as, changing to clean fuels, lowering emissions and alternative fuels for freight.

ODOT is leading the way by looking at performance measures in order to track what is working and what is not working, how effective these actions are over time and whether the actions are having the intended result in order to not lose sight of the bigger picture. ODOT has submitted a draft of the multi-agency implementation work plan to the governor's office and we have it on our website and it is open for public comments until June 15, 2020 for feedback.

Another thing that ODOT is committed to is looking at what ODOT needs to do as an agency for our part of the implementation. Some of the mid-term ODOT STS Implementation Plan includes looking at investments, plans, pricing, transportation options, construction and maintenance, and net zero transit agencies but it's really about institutionalizing that within our agency. This requires not only adding the GHG lens to the STIP, but looking across all of our investment programs to determine when and where there may be other opportunities, such as how we prioritize projects, what types of

investments we favor, and how to support those local plans. As plans are updated, we need to develop updated policies that align with the climate objective and prepare our systems for changes and really create a methodical approach to it.

As we are currently in the COVID-19 crisis, we have seen the viability of higher levels of telecommuting across entities so we need to look at how we model that within our agency but also support the major employers in sustaining high levels of telecommuting. This is not only a benefit to the climate, but offers congestion relief and multiple other benefits across the system. ODOT will review our maintenance and construction practices and lower our profile within those areas as we consider both the climate and our investments. As we do that, we need to be asking if we change our programs to consider the climate, does that change the outcome for the projects that we select; and once we select those projects, can we try to reduce how much carbon those projects have by the materials that we use.

We are also looking into the idea of net-zero transit agencies. ODOT's plan is to come back before the commission at a few critical points in this development to get your thoughts on what the highest return on our actions could be in terms of emission reduction while also being fiscally responsible.

After plans are made, we move to adopt those plans into our agency. When looking at the adaptation process, there are a number of threats that we see to the transportation system. The biggest threat is extreme change that leads to flooding, landslides, and destabilization of our slopes. Another is sea-level rising, which creates challenges along the coastline by eroding land under the state highway. Wildfires is another consideration. While wildfires don't tend to affect the highways themselves, it does create secondary effects of eroding the land, making landslides and trees falling onto the highway more prevalent. We are trying to create a road map for adaptation and ways to be more proactive to help make the system more resilient and keep the roadways open because being responsive to things that occur can add maintenance costs.

The last program area under the Climate Office's portfolio is sustainability. That will include maintaining our solar highway program, conserving water, electricity, paper use and any practices around conservation that may come from directives or may come from our sense of how we can more efficiently manage our system and save money.

Discussion:

Commissioner Callery asked that if we are talking about approaching this holistically - if the adaptation of climate change is going to be successful - how do we integrate the western states of Idaho, Nevada, Washington and California?

Pietz responded by stating there have been some areas where we have had some mature collaboration and mechanisms that have been formalized. There is a broad collaboration across multiple states especially around vehicles and fuels. ODOT has worked collaboratively with other states around the West Coast Electric Highway. We have national networks we work with as we try to figure things out and work on the design of the transportation system by looking at investment and disinvestment strategies according to the impacts we are seeing. Those things are important to our work in order to assure that the states move in the same direction and there are a couple of different

entities and groups that are having these conversations. Pietz stated that there is more work to be done but believes there are good existing mechanisms in place to do so.

Commissioner Callery then asked a question about the electrification structure. He asked that given that our fueling systems are generally in the private sector, will we be looking at the private sector as suppliers for electrification programs? With ODOT and other state agencies planning the system, who is actually going to deliver the electric commodity to the system?

Pietz said that the private sector will be providing the services while ODOT will facilitate identifying the needs across the state because we are not owners of the system, and we have already had some great conversations with the utilities, like Portland General Electric.

Commissioner Callery then asked what we are doing to look at the more rural areas that don't have as easy access to things like the West Coast Electric Highway.

Pietz stated that focusing on those rural areas is a part of the executive order and as we look across strategies to reduce GHG emissions, we have found that the majority of them are urban focused; however, with the increase of electric vehicle registrations and electric trucks, we will be studying the needs of the rural areas.

Commissioner Smith stated that, despite some of our efforts, we have not achieved our reduction in GHG emissions; therefore, she feels it is very important to reflect our goal in all of our actions going forward. She also asked the commission, if this is truly a multi-agency effort, should we, as a commission, be reaching out and working collectively with other agency commissions either through joint meetings or maybe a work group comprised of members of each of the agency commissions?

Pietz stated that there is a work group of agency directors and representatives from each commission that participated in identifying actions in the "Every Mile Counts" initiative and that question has come up regarding the long-term strategy basis. She referred the question to Chair Van Brocklin since he had participated in some of those joint conversations.

Chair Van Brocklin stated that we need to have a conversation among that group and discuss the need to continue that effort of collaboration. He wants to make sure that we aren't doing conservation development only as a response to the governor's recent requests but as a group of agencies working on climate changes. He feels that ODOT has established some good initial working relationships and there are a number of things that we are jointly interested in pursuing together; therefore, we are exploring ways to make that work effectively as we all are aware that there are things that we need to coordinate that historically have not been coordinated. Chair Van Brocklin then asked Director Strickler for his input.

Director Strickler said that we are continuing conversations with the agencies and commissions about maintaining that coordinated effort.

Chair Van Brocklin expressed his desire to develop some kind of periodic sessions where we talk about these things.

Director Strickler then added, that in our coordinated efforts, there have been discussions around the possibility of a resolution that is worded as such to contribute to the ongoing coordination and the commitment to work together to collectively say that we have to make a positive impact on our decisions for the environment.

Vice Chair Simpson asked if the climate office has been involved in any discussions regarding the tree canopy over highway systems. Recognizing rural areas commonly have these tree canopies, he asked if there has been anything that has hindered the ability to have trees on the interstate. He feels that there is an opportunity to add this important element that could assist in bringing our GHG emissions down over time.

Pietz acknowledged that we have not explored that idea very much yet. Taking a look at transportation across the system, we need to balance that option with our maintenance fees and the potential for tree fall and debris but it is something that we need to keep in mind as we move forward.

Vice Chair Simpson then talked about the importance of our role in these interactions and partnerships and stated that he thinks the high rate of current GHG emissions is a consequence of poor land management and feels that the Climate Office needs to share that history to the broader public. We need to think broadly from the statewide perspective on how we handle land use and plan around zoning and development in a way that fosters a sustainable future.

Pietz said that one of our closest partners is the Department of Land Conservation and Development. She said that she would be happy to share with the commission that agency's response to the executive order but they are looking at ways within their agency to address land use decisions and regulations. The Department of Land Conservation and Development is also partnering with housing to help address those issues.

Chair Van Brocklin said that he would appreciate Pietz circulating that DLCDC executive order response to the commission. Then he talked about the importance of being able to implement some changes now by identifying things that we can do in the short-term in order to come close to our goal in GHG emission reduction. For example, the executive order indicates agencies need to submit their electrification plan by next year and he feels that we should be trying to complete this earlier or develop some interim rule that allows us to start, at least, a portion of the implementation plan. He would like to see us have a set of short-term actions while working on the long-term actions.

Action:

No action taken.

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Urban Mobility Office Update
Agenda Item G

The commission received a status update from the Urban Mobility Office.

Background:

The Office of Urban Mobility was established in response to House Bill 2017. The office is responsible for the mega projects that are currently funded by House Bill 2017 and the implementation of congestion pricing in the Portland Metro area. The office was created to evolve Oregon Department of Transportation's urban mobility management practices, and to support the renewed efforts by Oregon and Washington to replace the aging Interstate 5 Bridge that connects the two states.

Per Commission request, ODOT Urban Mobility Office staff will present the Commission with status updates for the Interstate Bridge Replacement process, Toll Program and the I-205: OR213 to Stafford Road (Abernethy Bridge) and I-5 Rose Quarter improvement projects.

Presentation:

- Director for the Office of Urban Mobility Brendan Finn
- Deputy Director for the Office of Urban Mobility Della Mosier
- Toll Program Manager Lucinda Broussard
- Rose Quarter Project Director Megan Channell

Brendan Finn began the presentation by sharing the tagline created for the office: “The process is the project.” The commission’s creation of the Urban Mobility Office signaled ODOT’s commitment to address congestion on all fronts. It provides an opportunity to do business differently in working on these mega projects, to view projects through the lens of social justice and climate and economic growth. Finn then provided an overall look at the timing and implementation of four major projects: I-5 Rose Quarter Improvement Project; the Interstate Bridge replacement project; the I-205 Abernathy Seismic Improvement Project; and the Tolling and Congestion Project along I-205 and I-5. He stated that although it may look like just a list of projects, they are not to be taken in isolation. They are components of the commission’s integrated approach in addressing congestion and urban mobility issues in the Portland area.

The Interstate Bridge Replacement project was kicked off last year when Governor Brown and Washington Governor Jay Inslee signed a memorandum of intent which established the initial actions and values to move the project forward. The commission took action last August by providing the resources and direction to engage with our partners at the Washington DOT. We convened our agency partners in early March. The slide presented shows all of those partners that have a direct role in the program due to their position as owners or operators within the bridge corridor. Together these partners will assist WSDOT and ODOT to determine how to best engage the wide variety of stakeholders to ensure that regional input and guidance is included in the

program. This project will play a critical role in connecting our other programs, including how we use the tolling and value-pricing.

Tolling Program Manager Lucinda Broussard said that on the commission's direction, they have established the Equity and Mobility Advisory Committee (EMAC) to advise this commission and ODOT on strategies regarding the I-5 and I-205 toll projects in connection with the NEPA (National Environmental Policy Act) process. They will offer guidance in solving problems with the regional transportation network and work to restore historically and current underserved and unrepresented communities. Putting together this committee has been a collaborative experience by working with our regional partners, the counties in the regional corridors, county coordinating committees, community-based organizations, local agencies along with transit and ride-sharing agencies, and the cities of both Vancouver and Portland to identify the 12 members who have experience in equity and mobility. For the three members-at-large, 40 applications were received and reviewed based on the application criteria through a lens of equity and diversity. Broussard feels that we now have a table set with people who have perspectives in a variety of areas that will bring value to what we are trying to do. In addition, Christine Moses will be the committee's facilitator and Vice Chair Simpson will be their liaison. The first meeting will be June 29th.

The committee will be working in tandem with NEPA processes for both I-205 and I-5. I-5 is a special case because there are no other examples of tolling all lanes on an interstate with no additional capacity in an effort to manage demand across the nation. There is a lot of work that needs to be done ahead of the formal NEPA process. This summer we will be starting a pre-NEPA process that will refine the analysis gathered from the value-pricing feasibility work, which can be used in our formal process that we hope to start in 2022.

Our goal is to develop a tolling system that is cohesive and seamless to use. In anticipation of starting the NEPA process for I-205, ODOT sent out a traveler preference survey March 12th to understand a potential traveler's response to a toll. This occurred the week before the governor's order "Stay safe. Stay alive." In 2012, a survey was done and received more than 500 responses. The recent survey generated more than 1,300 responses. The questions asked were, "On your most recent trip, did you experience congestion?" in which 60% of the people did not and "Did you use alternative routes?" in which 39% said they did. We believe this provides valuable insights into traffic patterns before and after the onset of the pandemic for travelers. It is anticipated that we will conduct this survey again this fall and those results will be used as we move forward with the NEPA process.

In addition to the survey, the Urban Mobility staff talked with our regional partners and stakeholders in advance of receiving the Environmental Assessment Classification by the Federal Highway Administration to hear their concerns. The common things we heard were the need for transparency and equity in the things we do and "how does tolling work?" Given the novelty of tolling in our state and the environmental assessment classification, they have determined the best way to address concerns is conducting an Enhanced Environmental Assessment. An enhanced EA is a robust stakeholder and public engagement process that includes online open houses and community engagement. The intent is also to outreach to people of color and people with limited English proficiency. We have a group that we call Community Engagement Liaisons and they are connecting with their spheres of influence and using technology that works best for them. They are able to

generate conversations and gather comments regarding tolling. Two regional working groups are also involved to discuss and provide comments about their office's work.

Regarding the diversity issues that are happening right now, we are trying to determine the impacts that tolling brings to our diverse population, and what strategies we could employ to reduce that impact. Our regional group is analyzing this on the basis of two objectives – revenue generation and managing demand. They are looking specifically where to place the tolling booths, what the impact would be and what the tolling charges should be. In July, the group will meet and we will release our findings for the tolling scenarios tested in order to meet the bill's objectives. We also created a transit and multimodal group to work collaboratively to implement the tolling program.

Deputy Director of the Urban Mobility Office Della Mosier began her presentation by stating that she would be providing information on I-205 and an update on the design and construction phase of the Abernathy Bridge project. This project was a part of the HB2017 to build seismic resiliency and operational improvements. The designs for phase 1 and 2 have been fully funded and 60% of the plans for phase 1 will be completed by August of this year; the plans for phase 2 will be delivered at the end of this year. The design phases have been funded but we have not received funding for the construction of both phases. We continue to look for funds for all possible sources including federal and state funding opportunities, leveraging our local partnerships and through tolling revenue.

One portion of the project that has been funded for construction is the RealTime Signs construction for which we received \$5.5 million to install those signs. The project is currently under construction and we expect to complete the project by this fall. The signs along I-205 are a key addition to the currently existing signs in the Portland area.

Program Director for the I-5 Rose Quarter Improvement Project Megan Channell began by stating that ODOT is bringing another member to the team. The CM/GC contractor will be helping in the design phase and the pre-construction phase, managing risk and looking for cost savings opportunities. This represents a significant step forward in implementing the project's disadvantage business enterprise (DBE) and small businesses involvement. The office has worked very closely with the minority contracting community to better understand the contracting challenges they face and how we can take steps proactively to do business differently in order to increase small business opportunities. We have a DBE goal established for the project at 18-22%, which is a higher range than we typically see, which demonstrates our focus in this area.

We have also made progress in the project governance and technical analysis. Thanks to Vice Chair Simpson's focused leadership as chair of their meeting, we discussed the values of the project and focused on restorative justice, transparent decision-making, community engagement and environmental and economic processes, which were articulated previously by the commission. Also, at the commission's direction, Brendan Finn and I are working with our project partners on the Partners Letter of Understanding, which is designed to understand how we can leverage the partners' collective expertise to realize community opportunities in the broader Albina community and how this project could be a catalyst. In the technical analysis area, we are initiating the highway cover evaluation and this effort will explore the design options for the covers based on the values set forth by the executive steering committee. Our partners from the city, metro and the Albina Vision Trust

will be working closely with us to help shape this work. We anticipate to kick that off early next month.

The environmental peer review is underway for the project and focuses on air quality, GHG emissions, and noise technical studies. We have convened a panel of national experts that includes representation from both the private and public sectors and federal and local agencies. In the peer review, we have another opportunity to enhance our partner collaboration. Channell thanked the city, Metro and public schools for their partnership and participation that helped direct interaction and helped the panel understand the key concerns. The panel will be submitting a final report in early June and it will include a number of recommendations to further our environmental commitment on this project. The information in that peer review will also inform the Enhanced EA done by the Federal Highway Administration.

Mosier stated that as part of the I-5 Rose Quarter Improvement Project, in working with our partners, we have discovered opportunities where we could use “bus on shoulder” approaches, where buses use the shoulder of the freeway when highway speeds are low. There are existing routes through TriMet and C-Tran that align with our proposed concept. There is a lot more due diligence work ahead of us but it is an example of how the Urban Mobility Office continues to look for ways to support additional modes on mega projects like this one.

Finn thanked the commission for the opportunity to talk about the Urban Mobility Office and he hopes this update signals the spirit of which we are embracing this work at the commission’s direction.

Chair Van Brocklin thanked them for a great presentation and congratulated them on making progress on multiple fronts. He then opened it up for the commissioners’ questions.

Discussion:

Vice Chair Simpson wanted to highlight that the last topic that Mosier presented on “bus on shoulder” was one of the main desires in terms of interest in the value-pricing committee that he chairs and noted those desires came from a broad group of stakeholders, as opposed to ODOT staff. It was an important element of the transportation options and provided incentive to move forward in the value-pricing in the I-5 corridor area.

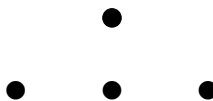
Simpson also revealed that during the recent EMC meeting, he brought up his belief that collectively we need to start thinking bigger and broader as we talk about the transportation system. He believes that if we slow our processes down and think more about the long-term we can achieve a multitude of outcomes. He gave as an example capping emissions with essentially a tunnel and using all of the emissions captured for a renewable energy, while everything above the cap could become new land for housing and parks. We need to take this opportunity and really lean into future-thinking since this will not be our only big urban development.

Chair Van Brocklin thanked Vice Chair Simpson for his comments and thanked the EMC and Simpson for their leadership. Van Brocklin then stated that with all of the different processes they are working on right now, like budget and potential revenue sources that are not project-specific, he would like to see a more detailed time schedule showing what is happening when so commissioners

can think about the whole agency system. He also said that we need to think of our processes as part of one statewide system and not as isolated projects...we have statewide system issues for which we are working to provide a statewide system solution. An implementation plan will be developed after the commission has priorities and goals established.

Action:

No action taken



***Strategic Priority Development and Next Step
Agenda Item H***

The commission previewed the draft Strategic Priorities and Goals in preparation for discussion and refinement at July OTC workshop.

Note: This agenda topic is split into two agenda items, the first item was discussed at our May 14 2020 meeting. Due to connectivity issues at the May 14 meeting, this second agenda item was moved to the May 27, 2020 meeting. This letter provides background and explanation for both agenda items.

Background:

Previous management reviews found that the Oregon Department of Transportation (ODOT) and the Oregon Transportation Commission lacked clear strategic alignment on the agency's highest priorities and goals. The review found that ODOT could improve its overall coordination by defining and communicating its vision and direction more clearly, ensuring targets cascade throughout the organization, and clearly defining governance roles and responsibilities, with an eye toward simplifying strategic documents. In the past few years, the department has made significant strides to establish and simplify ODOT's mission, vision, and goals; however this work is ongoing.

Presently, ODOT is in a period of transition. With a new director, a slate of new executive leadership positions, evolving public needs and directions from the Governor, Legislature and the Oregon Transportation Commission (OTC), the department must build upon its foundation of exceptional service while evolving to meet the demands of the future. Similarly, the Oregon Transportation Commission is in a period of change with a new chair, a new commissioner, and an expressed desire to intentionally focus the commission's efforts on Strategic Priorities and long-term vision development, rather than making project-level, operational decisions.

Recognizing these facts, the time is ripe for defining the strategic priorities and goals shared by the OTC and ODOT and developing a plan to meet them. At the core of both the commission's work and the department's work is ensuring the system meets the needs of Oregonians into the future; this work is critical now more than ever as ODOT re-examines how it does its business in light of COVID-19, faces a significant operating budget shortfall, and delivers on the historic investments entrusted to the agency in HB 2017. Delivering on this core responsibility to the state of Oregon

requires a clear articulation of vision, priorities, and goals in order to chart a pathway forward under the current circumstances.

Next Steps:

With this background in mind ODOT's executive leadership team has refined and clarified strategic priorities and goals and present these in draft form (Attachment 1) in order to begin a conversation with the commission in May.

ODOT anticipates a fuller conversation around these goals during the OTC's July workshop. Based upon the commission's feedback and direction in July, ODOT will revise these priorities and goals and resubmit them for final OTC approval in late summer.

Upon commission approval of the priorities and goals, the department will develop and refine associated measures and outcomes and also revise existing ODOT strategic documents to ensure a clear nesting of agency activities that supports this strategic vision. ODOT anticipates socializing and discussing this work with the commission throughout the fall and winter of 2020.

Attachments:

Attachment 1 – Draft Priority Goals

Presentation:

Chair Van Brocklin sent the commissioners and the assistant directors an edited version of the Priorities and Goals document to review those proposed edits in preparation for the discussion and refinement at the July OTC workshop. Below are some of the topics that were reviewed. Director Strickler noted that the assistant directors are all in attendance to help answer any questions.

Discussion:

Changes & Discussions regarding Priorities

- The summary paragraph under Modern Transportation System was shortened and it broadened the scope of that definition. Commissioner Callery suggested adding back in “integrated multimodal” because people typically think of transportation as related to highway or interstates and we need to make sure we are inclusive of the rural areas. This was agreed upon by the commissioners: Commissioner Smith made a comment that with Commissioner Brown not in attendance today she should be consulted before we finalize that change or any other change presented. The chair agreed.
- The summary paragraph under Sufficient and Reliable Funding was shortened. “Multimodal” was removed but the chair indicated that we could change that as we did for the other priority. Commissioner Callery did not feel that it was necessary because it was added back in for the previous priority. Vice Chair Simpson asked if we had put these priorities in order of importance. The chair responded that they were not in order for importance. Vice Chair Simpson then stated that he wanted to talk about how we define priorities and how we are conveying ourselves to the public. Chair Van Brocklin then asked if we could at least review the three priorities today in order to receive the initial reaction to the changes we have made and that was agreed upon. A consensus was reached with the commissioners agreeing not to make any further changes at this time.

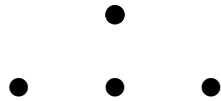
- The third priority is Equity and Chair Van Brocklin asked Director Strickler to talk about this one prior to discussing. Director Strickler stated that the agency is bringing a higher level of priority and intentionality to the discussion for diversity, equity, and inclusion. ODOT considers equity as not just a talking point but an important aspect that we are trying to convert to utilization and implementation. We want to systematically remove some of the barriers that have existed and utilize the voices that have historically not been heard. Vice Chair Simpson added that he would like to see environmental justice included in the priority summary or added as a goal. There was consensus in adding environmental justice as a goal. Commissioner Callery, Smith and Simpson all would like to change “some Oregonians” to “all Oregonians.” Chair Van Brocklin concurred. Commissioner Smith added that she would like to see an acknowledgement of people with disabilities included somewhere in the goals. Chair Van Brocklin agreed but Commissioner Smith noted that she wanted to hear from Nikotris Perkins to make sure that our word-smithing isn’t sending an unintended message. Perkins said that she was okay with changing the word from “some” to “all.” Vice Chair Simpson stated that he will rely on Perkins and Strickler to determine how we will measure the discrepancy between those who are and are not benefitting from our system. He suggested adding a goal or metric to make sure that we are achieving our long-term goals in equity. Director Strickler agreed with Vice Chair Simpson and he believes that we should prioritize equity and inclusion and addressing systemic barriers to make sure that all Oregonians benefit from transportation services and investments. Chair Van Brocklin stated that the implementation plan has got to include what we are doing and when we are doing it in order to be successful and we need to be measuring and making sure that we hold ourselves accountable. The final implementation will be more than three pages it will end up being at least a dozen pages by adding actions under the goals. He suggested that Director Strickler, Vice Chair Simpson and Perkins work on those additional goals that can hopefully be presented and discussed in the July workshop.
- Director Strickler said that the three priorities were not listed in priority intentionally and did not include the numbers, 1, 2, 3 in order to show that we view all priorities in the same light. If we were to add prioritized priorities, we would need to have an in-depth conversation about that. When looking at the modernization of our system, we have to realize that we have to think about the revenues required in order to support and provide access. As we look at equity, we need to recognize the differences between communities across the state and we need to develop the ability for people to access our services. We have a core list of things that we have to accomplish but we also have a significant number of different plans and different efforts that almost move independent of each other. The goal here is to simplify and bring the priorities to a level of understanding that simplifies what we are doing and recognizes that these are areas for improvements. By simplifying around these three priorities we really touch the majority of the things that are important to the agency and the commission.
- Vice Chair Simpson provided a rebuttal stating that equity is for society and human beings while if the agency were all about profit, the main concern would be business and customers. The way the document reads right now, it looks like we just threw “equity” in there for good measure. He feels that we need to start with the equity piece to indicate that everything we do is equitable in order to build public trust which we need in order to get public support on the projects we do. Director Strickler said that it’s about who you are trying to serve that comes first and the reason we have not tried to prioritize is that across the state we have various

pockets where different areas want to focus on different things. Commissioner Smith suggested that we change the format to landscape that would show all priorities on the same level. Chair Van Brocklin noted that could be a solution but if we can't do that because of some technical issue, he would support moving equity up to the first item.

- Chair Van Brocklin closed by saying that he feels good about the measurable actions that we will be pushing forward.

Action:

No action taken.



Chair Van Brocklin adjourned the meeting at 12:30pm.

Robert Van Brocklin, Chair	Alando Simpson, Member
<i>(Absent)</i>	
Julie Brown, Member	Sharon Smith, Member
Martin Callery, Member	Jess McGraw, OTC Chief of Staff