



**House Bill 2017: Progress Made in Completing
Named Projects and Expanding Public
Transportation Options**

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Dear Executive Strategy Team Members:

House Bill 2017 (HB 2017) was enacted in 2017 with the goal of reducing congestion, increasing transportation options, and enhancing safety. HB 2017 revenue will go towards named projects, the establishment of new projects, and existing initiatives. Our audit focused on the status of ODOT-administered highway projects named in the bill, as well as Statewide Transportation Improvement Fund (STIF) revenues.

We found that half of named projects are completed, and changes to budget, scope and schedule occurred, with budget increases being the most common change. STIF funding was used to advance a goal of HB 2017 to expand both fixed route and demand response transportation options throughout the state.

For further enhancement, we recommend the Public Transportation Division determine the desired level of supporting documentation for STIF expenditures and enhance guidelines to clarify how to classify and report work types and project status.

Management reviewed a draft copy of this report and their response is included at the end. We appreciate the cooperation from the Public Transportation Division, Government Relations, and Statewide Project Delivery. Please contact me if you have any questions about this report or the audit process.

Sincerely,



Marlene V. Hartinger, MBA, CPA, CIA
Chief Auditor

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HOUSE BILL 2017: PROGRESS MADE IN COMPLETING NAMED PROJECTS AND EXPANDING PUBLIC TRANSPORTATION OPTIONS

SUMMARY

House Bill 2017 (HB 2017) was enacted in 2017 with the goal of reducing congestion, increasing transportation options, and enhancing safety. The bill included multiple new and enhanced revenue sources that will go towards a list of transportation projects, the establishment of new programs, as well as funds towards existing initiatives. This audit reviewed the status of the ODOT-administered highway projects named in the bill, including an analysis of scope, schedule, and budget changes. An additional area of focus was the use of Statewide Transportation Improvement Fund (STIF) revenues.

Our review of named projects¹ was informational and had no recommendations. We used project documentation and ODOT reporting to gain an understanding of project status. Additionally, we analyzed how and why scope, schedule, and budget, changed since HB 2017 was enacted. Overall half of the 20 named projects are completed. The majority (80%) of projects required additional funds, and almost half have added scope. New scope contributed to increased budgets, which primarily went towards construction. Project delays were less common than scope and budget changes. Around 30% of projects had construction schedules pushed back. This adjustment was often linked to added scope.

Audit work of STIF-funded projects found that most were completed or in process during the FY21 to FY23 biennium. The largest spending category was for transit operations, specifically for fixed-route service. Examples of fixed-route services include set bus and transit routes, and demand response programs, such as dial-a-ride services throughout the state. Leading into the 23-25 biennium, an equal portion of STIF revenue is dedicated to both expanding public transportation options and maintaining expansion funded through STIF.

We did find room for improvement regarding STIF guidance. Current guidance does not specify the level of documentation needed to support STIF expenditures, which makes it difficult to gauge compliance. Additionally, lack of clarity has led to project

¹ We did not include jurisdictional transfers or projects not delivered by ODOT. HB 2017 named both the Abernethy Bridge Project and the Interstate 5 Rose Quarter Project but called for studies on completion costs for both projects. We did not include these projects in our scope.

category and progress being reported differently. This limits ODOT's ability to track spending by category and accurately measure completeness. We made recommendations to address these areas.

BACKGROUND

With the passage of HB 2017, the Oregon Legislature infused billions of dollars into Oregon's transportation system with the goal of reducing congestion, increasing transportation options, and enhancing safety.

HB 2017 took effect on October 6, 2017. The measure is expected to bring in \$5.3 billion in revenue over the first 10 years, with \$3.7 billion going to the highway system.² Revenues come from increases to the fuels tax, vehicle title and registration fees, and the weight-mile tax on heavy trucks. New funding sources include a 0.5% privilege tax³ on new vehicle purchases, a 0.1% employee payroll tax, and a \$15 tax on new bicycle purchases of \$200 or more. The financial impact of these increases is expected to be less than \$0.01 per mile for the average passenger vehicle and less than \$1.00 per week in payroll taxes for the average worker.

Revenues will go to several areas: a list of named projects, the newly created Statewide Transportation Improvement Fund program, maintenance improvements, bridge upgrades, preservation and culverts, and projects delivered through Connect Oregon and Safe Routes to School. A portion of revenues are also allocated to cities and counties throughout Oregon. These localities have control over how their portion is spent and have used this funding to maintain city and county roads.

AUDIT RESULTS

Two areas of focus for this audit were projects named in HB 2017 and the use of STIF revenues. For named projects, we looked at the current status as well as the scale of and reasoning behind scope, schedule, and budget changes. This portion of the audit is informational and has no recommendations. We found that half of the named projects have been completed and that changes to budget and scope occurred. The most common change was increases in the project budgets. Adding scope was less common, but work such as curb construction, paving, and lighting installation was added to almost half of projects. In addition to

² Based on the October 2024 ODOT State Revenue Forecast total revenue has changed slightly from \$5.3 to \$5.1 billion.

³ The Vehicle Privilege Tax is a tax on Oregon dealers for the privilege of selling vehicles in Oregon.

budget and scope changes, more than a quarter of projects had construction timelines extended.

For our audit work on the use of STIF revenues, most STIF operations projects from the 21-23 biennium are completed or in process. These projects both expanded and maintained the fixed route and demand response systems throughout Oregon. This is in line with program goals. Planned expenditures for the 23-25 biennium show a similar commitment to expansion and maintenance.

Despite this progress, there is room for improvement regarding guidance. Guidance does not specify how STIF projects and progress should be categorized. Similar projects were categorized differently, as were ongoing tasks, such as fixed route or demand response transit service established through STIF. This has limited ODOT's ability to monitor project progress and spending across categories. Guidance on supporting documentation is limited, which hinders the Public Transportation Division (PTD) from gauging compliance regarding how STIF spending is supported. We made recommendations to address these findings.

INFORMATION ON COMPLETION OF AND CHANGES TO PROJECTS NAMED IN HB 2017

Section 71d. of HB 2017 directed the Oregon Transportation Commission (OTC) to use proceeds to fund a specific set of named projects. HB 2017 listed the projects by region and stated that the OTC distribute funds to each region to use towards project completion.

Named projects varied by both project type and budget. They spanned from smaller scoped efforts, such as environmental studies, to major highway construction projects. The table below lists each project, its status as of June 2024, and the work type, as well as noting scope, schedule, and budget changes.

Table 1: Named Project Information

Name	Status	Work Type	Budget Increase	Schedule Delay	Added Work	Scope Split
OR214 Safety Upgrades Silverton	Complete	Design and Construction	✓	✓		
OR211/213 Mollala	Complete	Multi-Use Path Construction	✓	✓	✓	
OR58 Passing Lanes	Complete	Roadway Design				
Florence-Eugene Study	Complete	Environmental Impact Study				
Tom McCall Roundabout	Complete	Roadway Construction	✓			
US26 in Prineville	Construction	Roadway Construction	✓	✓	✓	
OR30 Hughes Lane	Construction	Intersection Modifications	✓		✓	
US20 Freight	Construction	Planning and Construction	✓			
I84 Graham Road	Complete	Roadway Construction	✓			
OR99E Halsey	Construction	Roadway Construction	✓		✓	
US20 Safety Upgrades	Complete	Roadway Construction	✓			✓
US97 Terrebonne	Design	Roadway Construction	✓	✓	✓	
Southern OR Seismic	Construction	Bridge Upgrades	✓	✓		✓
I205 Traffic Management	Construction	Roadway Construction	✓		✓	
OR18 Newberg-Dundee	Complete	Design and ROW Acquisition	✓			
I5 Aurora-Donald	Complete	Design and Construction			✓	✓
Scottsburg Bridge	Complete	Bridge Replacement	✓	✓		
Center Street Bridge	Design	Bridge Upgrades				
217 Auxiliary Lanes	Construction	Roadway Construction	✓		✓	
US97 Bend	ROW Acquisition	Roadway Construction	✓			

Project delivery staff reported that half of the named projects are considered complete. For three of those completed, the original scope was split into four new projects, and the original projects were designated complete. All resulting split projects are

currently in construction. Despite progress, a portion of named projects experienced both scope, budget, and schedule changes.

Project budgets and scope have changed for most projects. We found project specific reasons for adding scope, budget, and moving the schedule, among other alterations.

**ADDED WORK MOST
FREQUENT SCOPE CHANGE**

Across named projects adding work was the most common scope change. The type of work varied by project. New scope included bike lanes, lane construction, travel signage, and additional locations for safety upgrades, such as crosswalks. These changes were not concentrated in a particular project phase.

Work was added to eight projects (out of 20) as they evolved. For example, the *217 Southbound/Northbound Auxiliary Lanes* project started as two projects and merged into one during design. Aside from the merger, travel sign installation and bridge maintenance work were added to the scope. Additional construction locations for curb ramps and lighting installation across Prineville were added to *US26 Pedestrian Improvements in Prineville* at the request of local partners. Other projects tacked on various elements requested by local partners such as bike and pedestrian work, travel signage, and lane construction.

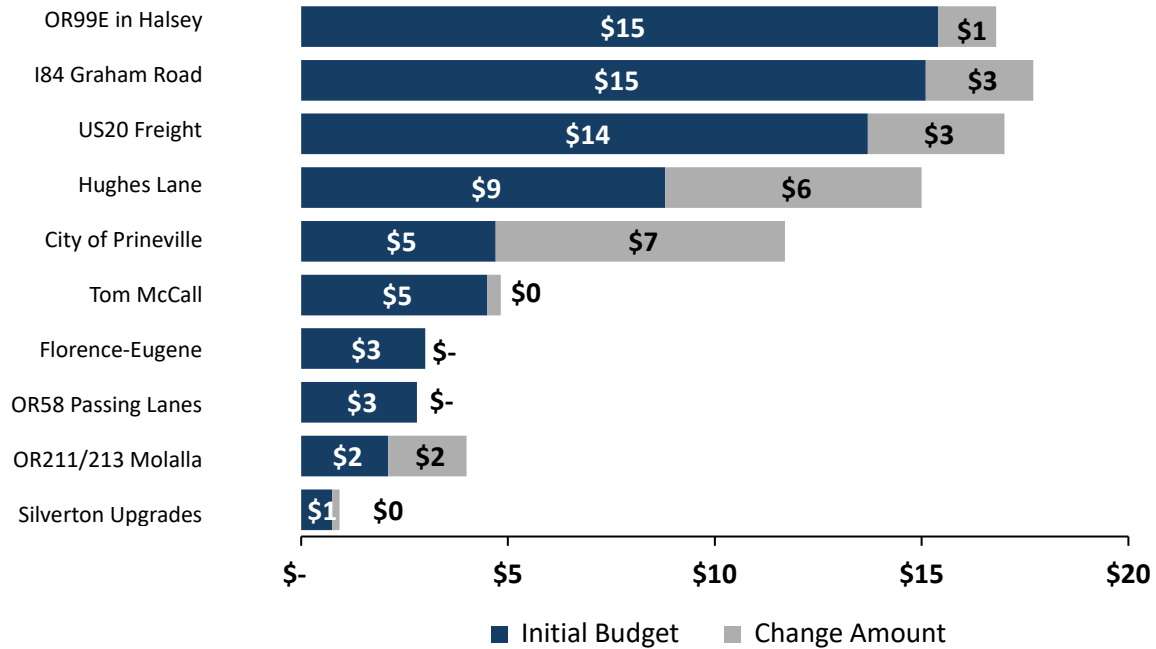
Scope reduction was less common across the projects. In three instances, scope elements such as the construction of a sound wall, adding a turn lane, and seismic bridge upgrades such as widening bridge foundations and strengthening bridge walls were split off from the original scope to create a new project. This happened because available funding was insufficient to complete the entire project. An example of this is the *Southern Oregon Seismic Triage* project. The initial scope was to retrofit 17 bridges. During design, the project team identified three bridges that did not require retrofitting, which were removed from the project scope. Even with this reduction, there was still insufficient funding to complete all work on all bridges. ODOT separated the remaining bridges into three different projects to be delivered as funding becomes available. The initial project will complete retrofitting on five bridges, with the remaining two bundles currently in construction.

**BUDGETS INCREASED FOR
MOST NAMED PROJECTS**

At the time of enactment, HB 2017 allocations were meant to fully fund 75% of named projects. Despite this intention, most project budgets expanded beyond the initial estimate from when

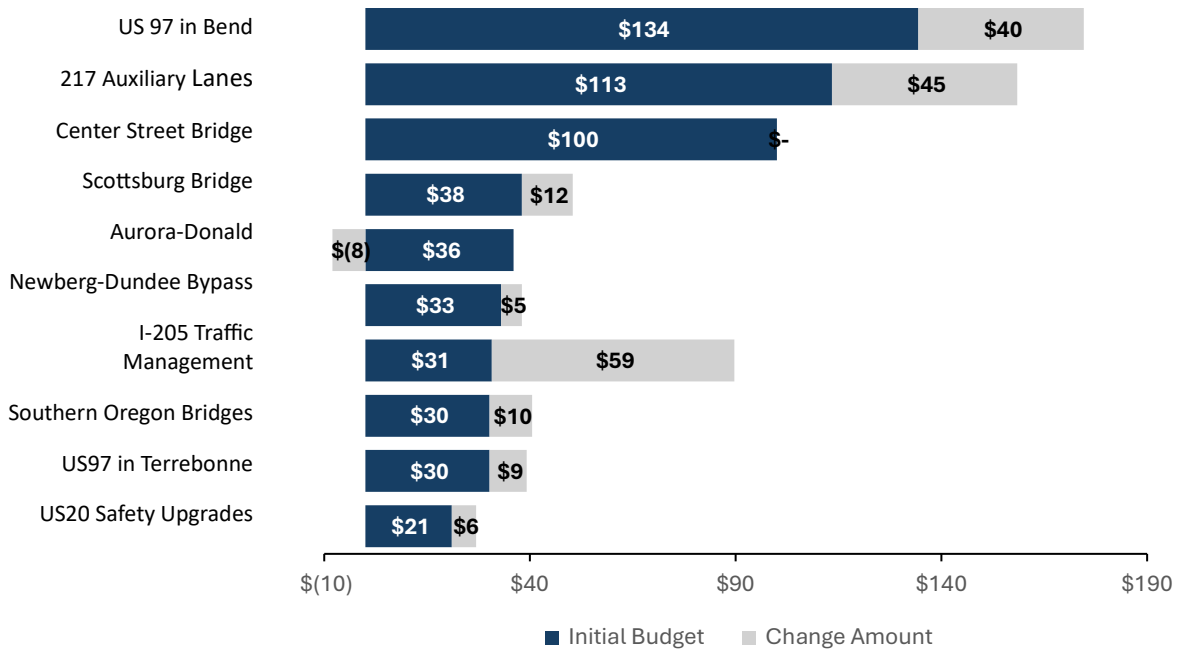
HB 2017 took effect. We were unable to obtain documentation from 2017 that showed how the list of projects and HB2017 funding amounts came together. Of the 20 projects listed in HB 2017, 16 have experienced budget increases since project initiation. The two graphs below show the scale of budget changes grouped by initial budget:

Graph 1: Budget Changes for Projects with an Initial Budget Less than \$20 Million (By Million)⁴



⁴ If the change amount is \$0 in Graph 1, the increase was less than \$1 million and rounded down to \$0 in the graph.

Graph 2: Budget Changes for Projects with an Initial Budget Greater than \$20 Million (By Million)



The total increase across all named projects was \$200 million. Around \$150 million of this was added to construction funds and additional design funds contributed \$35 million.

With the exception of the *I-5 at Aurora-Donald Interchanges Phase 1*, every project that added scope saw a budget increase. An example of this is the *I-205: Corridor Bottleneck & Active Traffic Management (Phases 1-3)*, which had one of the largest increases. Over the course of the project, new paving work, sign installation, and bike and pedestrian enhancements were added to the scope. This required additional design funds for the bike and pedestrian work, and construction funds for the other elements. The *217 SB/NB Auxiliary Lanes Construction* required additional design work associated with merging projects. Installation of travel signs and bridge paving, along with the required construction funds, was added separately. Cumulatively, these enhancements contributed to the budget increase.

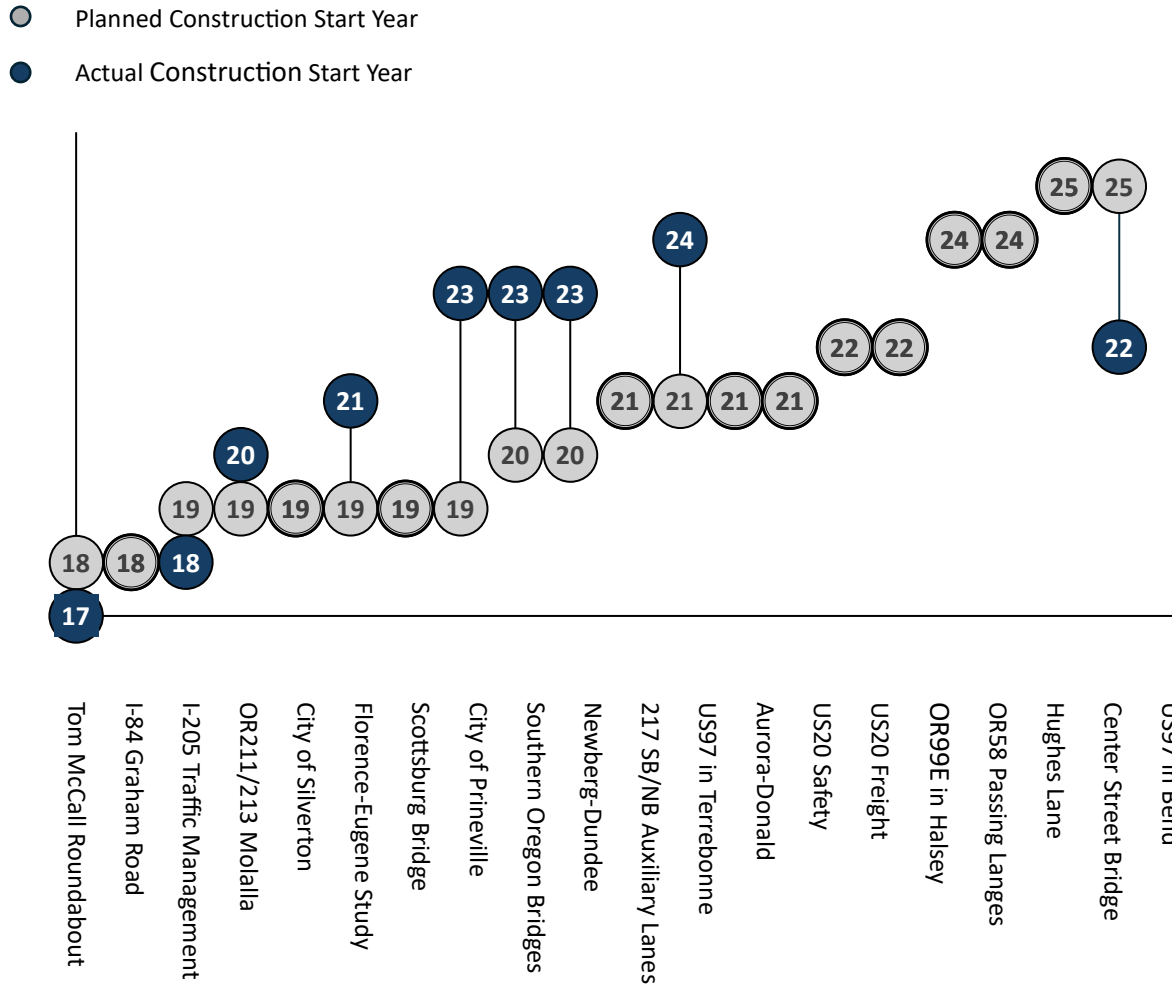
New scope was not the only factor driving increases. Both *OR 18: Newberg-Dundee Bypass Phase 2* and *US 97 Improvements in Bend* needed additional funds to complete right-of-way (ROW) acquisition. In addition to design and construction money tied to new scope and ROW, rising construction costs, the need for continued design work, and high bids were cited as other reasons for cost increases.

For the projects without a budget increase, one decreased, and three did not change. The *I-5 at Aurora-Donald Interchange Phase 1* project came in under budget. The surplus funds were moved to *I-5 at Aurora-Donald Interchange Phase 2*, which was not named in HB 2017. Both *OR58 Passing Lanes* and *OR126 Florence-Eugene Impact Study* were consistent, but the former was a design-only project and the latter was a study. Neither project had construction work in the scope. Neither the budget nor schedule for *Center Street Bridge Seismic Retrofit*, currently in design, had changed at the time of our analysis, but may in the future.

**MOST PROJECTS
MAINTAINED PLANNED
CONSTRUCTION YEAR**

Unlike named project budgets, project schedules were more consistent. We compared the year a project opened for construction bids (bid let date) to the construction year set when HB 2017 was enacted. Only 30% of projects began construction later than originally planned, compared to 80% of those that added money. The graph below compares actual bid let year to the year construction was scheduled to start at the time of enactment. We used design year to mark schedules for both projects without a construction phase that required a bid let. Projects marked by a circle with a double border either have not experienced a delay (pre-2024) or had initial schedules set at 2024 or later so a delay would not be captured at the time of the analysis.

Graph 3: Schedule Changes Across Named Projects (By Last Two Digits of Calendar Year)



Scope changes and funding needs led to construction postponement for all but one of the six projects with a delay in the graph above. As previously discussed, the *Southern Oregon Seismic Bridge Upgrades* project was split into three projects to complete needed repairs as funding became available. This was reflected in the schedule, as construction for the last bundle of bridges began in 2023 as opposed to the initial estimate of 2020. *US26 Improvements in Prineville* experienced the longest delay at four years. During this period, ODOT worked with the City of Prineville to add new street signals at multiple locations, as well as stormwater management work. The added scope also required more design work and additional right of way. Except for *OR 214 Safety Improvements in Silverton*, where construction was pushed back due to unexpected excavation work, most other delays were tied to scope changes.

For three projects, construction started earlier than planned. Construction on two of these was planned to start in 2018 and 2019, but began in November of 2017 and 2018, respectively. ODOT received a federal Nationally Significant Multimodal Freight & Highway Project Program (INFRA) grant to complete the *US97 Improvements in Bend* projects. The schedule was advanced to comply with the timeline requirements of the INFRA grant.

Overall, in the years since HB 2017's enactment, ODOT has reported tangible progress in completing named projects. Despite changes to scope, the need to increase budgets, and the presence of schedule delays, HB 2017 revenues were used to complete or make progress on every project named in the bill.

STATEWIDE TRANSPORTATION IMPROVEMENT FUND UTILIZATION

STIF BACKGROUND

In addition to funds for named projects, HB 2017 established the STIF to finance investments and improvements to the public transportation system. Funds are distributed based on the following equation:

- 90% to public transit providers to use to invest in public transportation based on a provider created Public Transportation Improvement Plan (STIF Formula funds).
- 5% to public transit providers based on a competitive grant program adopted by the OTC (STIF Discretionary funds).
- 4% to public transit providers to assist in improving public transportation services between two or more communities (STIF Intercommunity Discretionary funds).
- 1% to ODOT to establish a statewide public transportation technical resource center.

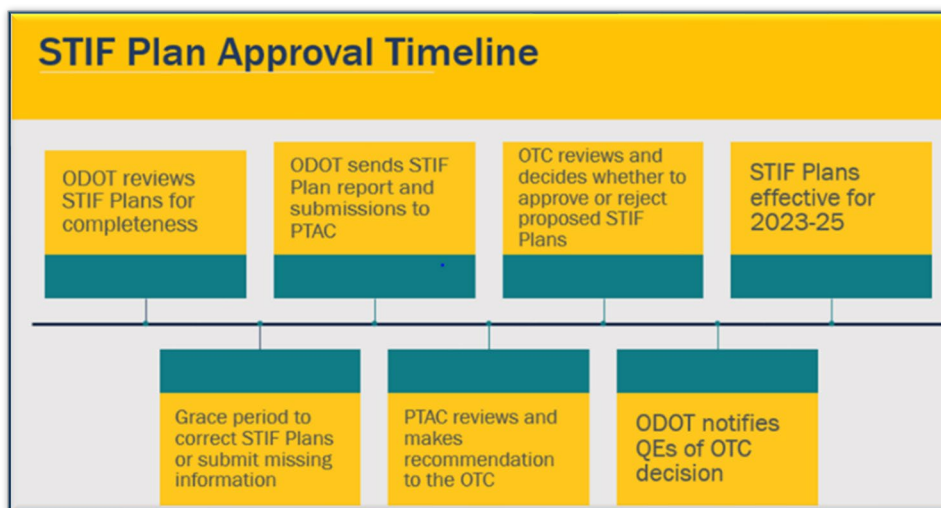
Our analysis focused on the STIF Formula funds (STIF funds) allocated to Qualified Entities (QEs). QEs are mass transit districts, transportation districts, counties without either a mass transit district or transportation district, and federally recognized tribes. The amount of funds each QE receives is based on the population and payroll taxes paid in their geographic area. They first receive base allocations. After base allocations have been distributed,

remaining funds are allotted based on population percentage. By design, QEs representing more populous areas will receive a larger share of STIF funds.

To receive STIF funds QEs must submit a STIF plan each biennium. STIF plans list all projects with planned STIF spending. QEs are permitted to carry money forward to maintain a reserve for STIF projects, to save for a large or multi-phase project, or if revenues exceed actual expenditures.

STIF Plans undergo multiple levels of review prior to approval. QEs are required to appoint an Advisory Committee to help prioritize STIF spending and determine which projects should be included in STIF Plans. Next, the QE's local governing body approves the plan. Once the governing body has approved the plan, PTD staff reviews each plan for completeness before facilitating a review by the Public Transportation Advisory Committee (PTAC). PTAC reviews STIF plans and gives their recommendations to the OTC. PTAC members are either self-appointed or appointed by the ODOT director to advise on issues impacting public transportation. Final approval comes from the OTC after receiving PTAC's recommendations. See below for a flow chart of the review process:

STIF Plan Review and Approval Process



Once STIF plans are approved and the STIF plan period has begun, QEs receive their allocated portion of collected funds each quarter during the biennium.

During the first three biennia of funding, both the approved plan maximum across QEs and distributed revenues differed. This is due to the funding not being a fixed amount. Rather allocations are based on forecasted revenues that are updated annually. ODOT can only distribute received revenue, which may be more or less than the approved STIF plan maximum. The table below shows actual STIF fund revenues for the 19-21 and 21-23 biennia, as well as approved STIF plan maximums in STIF plans for the 23-25 period.

Table 2: STIF Plan Maximums and Distributed Revenues for Each Biennium

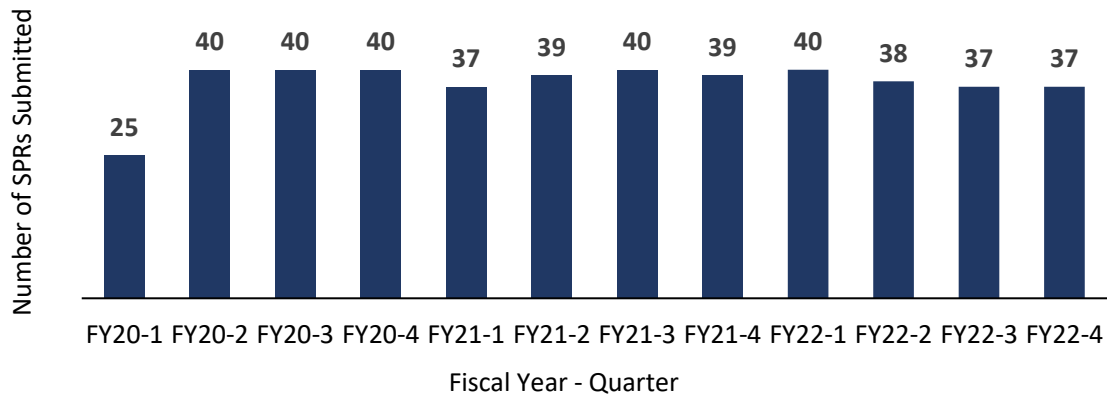
Biennium	Approved Plan Maximum	Distributed Revenues
19-21	\$228 Million	\$216 Million
21-23	\$190 Million	\$181 Million
23-25	\$310 Million	<i>In Process</i>

**QUALIFIED ENTITIES’
COMPLIANCE WITH
REPORTING
REQUIREMENTS IMPROVED
OVER TIME**

QEs must submit a STIF Plan Report (SPR) to the PTD to receive their disbursements. ODOT’s Regional Transit Coordinators (RTC)s review and approve SPRs and work with QEs within their region to manage state and federal grants, such as STIF. SPRs track spending and progress against the STIF Plan. They are due at the end of each quarter and are submitted in the Oregon Public Transit Information System (OPTIS). PTD uses OPTIS to manage documentation from public transportation grants.

For the first quarter of fiscal year (FY) 2020, only 25 out of 40 QEs submitted their SPR. In the quarters following, compliance never dipped below 37 out of 40 for the QEs with a STIF Plan. The chart below shows compliance during FYs 20-22.

Graph 4: Most SPRs Submitted Each Quarter



Two QEs consistently did not submit SPRs, while others missed an occasional report. Currently, RTCs are working with both QEs to help them meet reporting requirements. RTCs work directly with QEs to manage grant programs like STIF, along with federal grant programs and funding.

**END OF BIENNIUM SPRS
SHOW PROGRESS
TOWARDS COMPLETING
STIF PLAN PROJECTS**

Project status is designated in the SPRs as “Completed,” “In Process,” or “Not Started.” Projects often include multiple tasks and QEs differentiate each task based on the category of work. Status is reported by project task. The table below shows the breakdown of STIF Plans from the 21-23 biennium by percent of tasks in each category, as well as the status as reported by QEs in the SPR from the 4th quarter of FY23.⁵

⁵ We combined some of the task categories in the table. There were multiple types of capital and vehicle purchases that we combined into one category.

Table 3: Percent of Tasks in Each Category and Completion Rates By Category at the End of the 21-23 Biennium⁶

Task Category	Percent of STIF Plans	Percent Completed ⁷	Percent In Process	Percent Not Started
Capital Purchases (Included Facilities, Signs, and Equipment)	16%	28%	35%	35%
Vehicle Purchases	8%	28%	47%	26%
Mobility Management and Maintenance	5%	37%	44%	19%
Planning, Communications, and Project Administration	22%	31%	44%	24%
Operations	41%	33%	47%	18%
Reserve	8%	27%	36%	36%

The largest number of tasks were categorized as operations. This is in line with the goal of the STIF program, which is to expand and improve public transportation operations around Oregon. The other categories are not listed as operations themselves but support their establishment. For example, multiple purchases were for bus stop shelters or vehicles to use in operations.

The percentage of “In Process” tasks is impacted by how QE categorized ongoing tasks. Ongoing tasks, such as established transportation operations or communications efforts that will continue into the next biennium, were reported as both “In Process” and “Completed” depending on the QE. Those marked “In Process” despite being up and running contributed to the lower “Completed” percentage. This will be discussed in-depth later in the report.

The tasks QEs reported as “Not Started” total \$23 million, compared to \$190 million across STIF plans. Half of the \$23 million comes from projects where some tasks were completed. For example, one QE had a project titled “Capital Improvement.

⁶ Adding percents may not total 100% exactly. This is due to rounding and the omission of tasks addressed in Footnote 7.

⁷ Statuses from the two QEs who did not consistently submit SPRs were not included in the completed calculation. One task listed multiple categories and was also excluded. In total they represented 8 out of 562 tasks.

Projects” made up of multiple subtasks for purchasing vehicles, software, supplies and installation. By the end of the biennium, the tasks for purchasing vehicles, software, and supplies were “Completed,” while the installation task was “Not Started.”

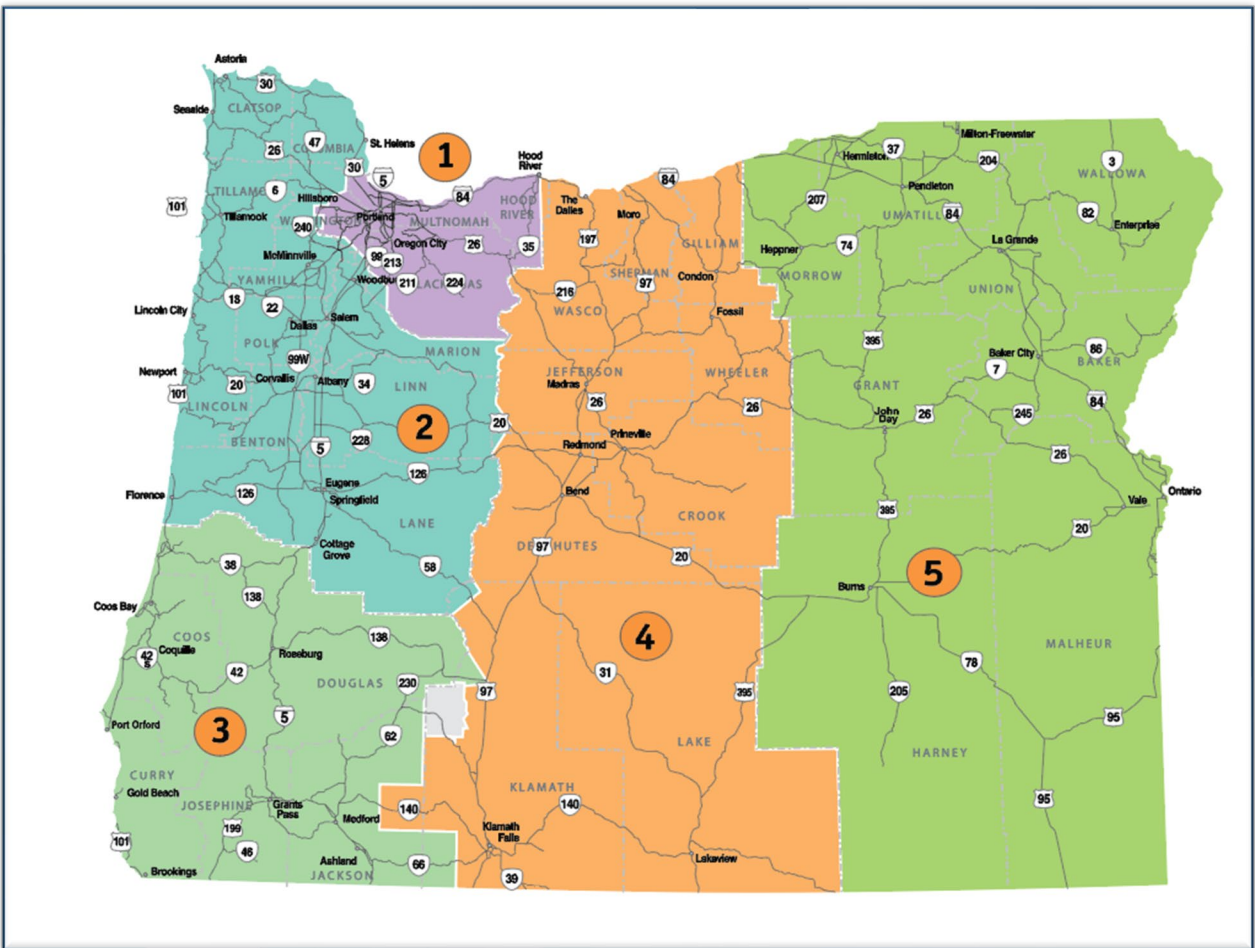
QEs did not provide explanations in SPRs for just over half (around \$12 million) of the funds reported as “Not Started.” Around 46% of these funds were from subtasks where work has started on the project. For the funds with a reason provided, around \$6 million was linked to tasks that were deemed unnecessary, while \$3 million was tied to a lack of drivers or delays in obtaining vehicles and other equipment. An additional \$1 million in funds were classified as “Not Started,” but information in the SPR stated that planning work was underway. This will be expanded on later in the report.

**MOST OPERATIONS
SPENDING DEDICATED TO
FIXED ROUTE AND
DEMAND RESPONSE**

In total, the tasks dedicated to completed operations represent \$79 million dollars of the \$190 million total STIF funds allocated during the 21-23 biennium. Almost all (91%) of completed operations tasks⁸ went towards fixed route or demand response transportation systems. Fixed route transit includes set bus routes and streetcar line. Demand response services allow riders to contact QEs, or transit providers who work with QEs to provide service and schedule a ride to their desired destination. Other operations spending went towards fare reduction, transportation staffing, and pilot programs. The breakdown of spending depended on the type of services prioritized by QEs in each region. The image below shows each region, including cities and counties. Region numbers are in the orange circles.

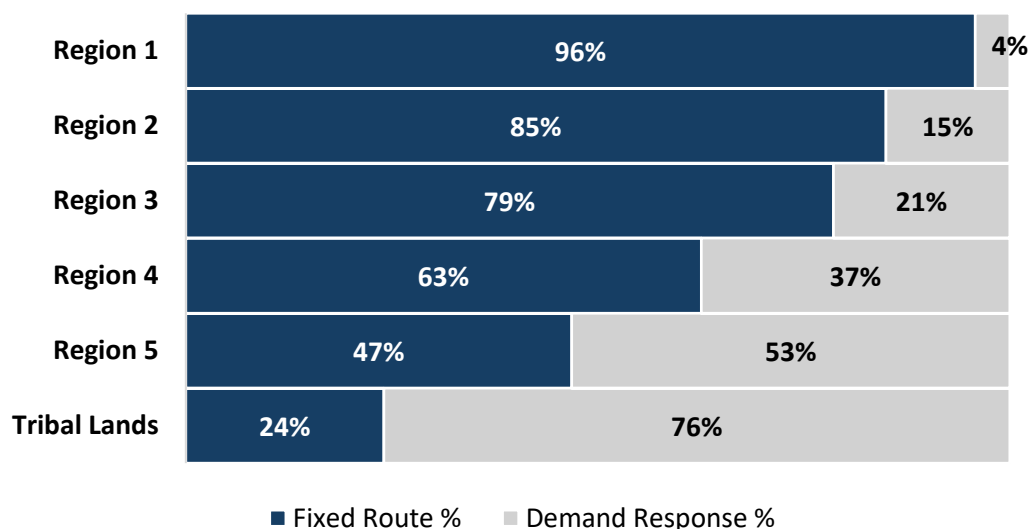
⁸ We included ongoing tasks in this calculation. Most ongoing projects were marked as “In Process,” but we used narratives in STIF Plans and SPRs to determine that ongoing tasks were established service operations that will be continued into the next biennium. For example, a fixed route transit operation that is up and running.

Region Map



Regions 1 and 2 spent the vast majority on fixed route services while Region 5 and Tribal areas statewide allocated the majority to demand response. The graph below shows the distribution by region:

Graph 5: Spending Type Spending Varied By Region



**OPERATIONS SPENDING
BOTH MAINTAINED AND
EXPANDED TRANSIT
SERVICES**

Fixed route and demand response spending fell into two categories: maintenance and expansion. Prior to 2020, QEs could not use STIF funds for maintenance. The legislature amended regulations in 2020 to allow for maintenance tasks. Maintenance tasks ensure that money is used to sustain existing public transportation services. Expansion entails adding days and hours to existing fixed route, demand response transit, and establishing new routes and services.

During the 21-23 biennium, maintenance was the largest category of operations spending. About half (49%) of completed operations tasks sustained existing fixed route and demand response projects. This occurred in every ODOT region as well as tribal areas. An additional 12% of STIF funds were dedicated to operations, but STIF documents did not specify whether the services were established or expanded via STIF. The remaining tasks expanded service options. The type of expansion depended on the region. QEs in Regions 1 through 4 used STIF Funds to set up dial-a-ride type demand response services, allowing citizens to schedule rides to and from their destination. Tribal area QEs along with those in Regions 1 through 4, added new fixed routes during the 21-23 biennium. Additionally, service days and hours to existing fixed route services were added in Regions 1, 2, and 3. Region 5 prioritized maintaining STIF expansion and fare reduction in their operations tasks. The table below shows

examples of different maintenance and expansion tasks during the biennium.

Table 4: STIF Maintenance and Expansion Examples

QEs Geographic Area	Maintain STIF Expansion from Prior Biennia	Demand Response Service or Frequency Expansion	Fixed Route Service or Frequency Expansion
Region 1	Canby Area Transit service on Saturdays from Oregon City to Woodburn via 99E.	New door-to-door transit services for seniors and people with disabilities run by TriMet.	Expand frequency along routes of the Portland Streetcar service.
Region 2	Saturday deviated fixed route service in Linn County to Cascadia.	Salem Area Mass Transit LIFT service for people with disabilities during all hours of local service.	Adding a fourth trip for Lane Transit District service between Eugene and Oakridge.
Region 3	Rogue Valley Transportation District 1X Express route using I-5 between Medford to Ashland. Service is 90 minutes Monday – Friday.	Expanded service hours and service days for Gold Beach Dial-a-Ride in Curry County.	New Saturday service in Roseburg through the Umpqua Public Transportation District.
Region 4	Jefferson County dial-a-ride hours, including weekend service, and weekday service that supports employment transportation early in the morning and in the evenings.	Dial-a-ride service in Lake County from 8 am to 5 pm for at least two days per month.	Provide fixed route service to smaller communities in Wasco County.
Region 5	Run 65% subsidized taxi rides for employees to and from any employer located within one of the four west-Umatilla County zip-codes (Hermiston, Umatilla, Stanfield, Echo). The service is available seven days per week/18 hours a day.	<i>Not added during the biennium.</i>	<i>Not added during the biennium.</i>
Tribal Lands	Recruit and train volunteers for the Coquille Indian Tribe dial-a-ride service.	<i>Not added during the biennium.</i>	Service between Eugene and Florence for The Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians.

These examples show that while more STIF money was dedicated to the maintenance of existing transit services, STIF funds were also used to expand transit options in Oregon. Breaking down the nature of operations funding illustrates the impact of the 2020 legislative change, allowing STIF funds to be used to maintain services. More STIF money was used to maintain operations, though expansion still occurred throughout the state.

**PLANNED OPERATIONS
SPENDING DURING 23-25
BIENNIUM SHOWS
MAINTAINED
COMMITMENT TO
EXPANSION**

STIF Plans for the 23-25 biennium show a continuing commitment to expanding and maintaining public transportation systems throughout Oregon, with \$155 million dedicated to operations. Out of the \$155 million, \$47 million of planned expenditures are dedicated to expanding public transportation services, and an additional \$48 million is linked to maintaining public transportation services.⁹ The table below provides examples of planned service expansions during the biennium.

Table 5: Planned Expansion for the 23-25 Biennium

QEs Geographic Area	Expansion Description
Region 1	Add new fixed route service areas in Washington County.
Region 2	Expanding ADA Demand Response services to Cottage Grove and Creswell.
Region 3	Expanding Dial-a-Ride Demand Response services from 4 days a week to 5 in Curry County.
Region 4	Expand frequency of Fixed Route service from Wasco County to The Dalles.
Region 5	Expand hours of Baker County Fixed Route service.
Tribal Areas	Provide both Demand Response and Fixed Route service between tribal lands and regional transit districts.

Based on planned expenditures, STIF Funds are still being used to meet the original goal of expanding public transportation options in Oregon after multiple funding cycles. An almost equal portion is tied to maintaining operations. This illustrates the impact of the

⁹ Task descriptions in SPRs and STIF plans were used as the basis for differentiating expansion and maintenance tasks along with auditor judgment.

2020 legislative change, which allows QEs to use STIF funds to maintain transit services for Oregonians.

**ODOT’S ABILITY TO
MONITOR FUNDS
HINDERED BY GAPS IN
GUIDANCE**

QEs demonstrated their ability to comply with STIF requirements and make progress towards completing projects that further program goals. Despite progress, there is room to enhance guidance regarding supporting documentation, project categorization, and project status.

Guidance in the *Statewide Transportation Improvement Fund Formula Fund Reporting Requirements Overview* stipulates that providers must report on expenditures and outcomes in the SPR but does not require supporting documentation on expenditures. The *Statewide Transportation Improvement Fund Guidance for Determining Whether Expenditures are Substantially Compliant and Consistent with STIF Plans* lists failure to provide documentation supporting STIF Plan expenditures as one of multiple conditions that may result in STIF Plan non-compliance. However, neither document explicitly states that lack of documentation alone results in non-compliance.

The checklist used by RTCs to gauge compliance with SPR requirements includes an item on supporting documentation. One RTC expressed that the type of supporting documentation varies by QE, and RTCs can ask questions regarding documentation if they have them. The checklist states that projects with reported spending should include attachments but does not specify what information should be provided. In practice, RTCs receive varying levels of supporting documentation and use their judgement to determine compliance.

We analyzed provided documentation from 10 QEs. We found the following:

- All 10 QEs supported STIF Plan activities and outcome measures (either with supporting documentation or in the SPR form)
- 6 QEs submitted documentation that supports expenditures for specific projects
- 2 QEs submitted Excel spreadsheets that had an overview of project expenses
- 2 QEs did not submit any supporting documentation

All QEs provided documentation supported the expenditures, but not in a uniform manner. Some QEs supplied spreadsheets that tracked project expenses, while others sent invoices and receipts. Another QE attached a document with a detailed narrative describing project progress.

We were unable to determine whether any of the attachments were compliant due to a lack of specific guidance and criteria. Nothing in existing instructions directly states that the QEs who did not submit documentation are out of compliance. In addition to gauging compliance, the lack of clear guidance regarding documentation hinders PTD’s ability to use attachments to determine whether progress reported in SPR is supported. For reimbursement-based grants, but not STIF, the *ODOT Request for Reimbursement Supporting Documentation Checklist* provides instructions on what QEs must submit to support spending. It lists specific support needed for multiple categories of spending, such as transit operations and administration. To receive reimbursement for administration projects, QEs must supply documentation that shows dates of service, hours of service, and who did the work. Without stronger guidance, PTD cannot consistently obtain this level of support while monitoring STIF spending.

**STRONGER GUIDANCE
NEEDED TO ACCURATELY
MONITOR SPENDING
ACROSS TASK CATEGORIES**

Gaps in existing guidance negatively impact PTD’s ability to monitor spending by task category. QEs categorize each project by task while creating their STIF Plan. They are instructed to “choose the category that best describes this task item.” Below are the task categories from the 2023-25 STIF cycle.

Excerpt from 2023-25 Statewide Transportation Improvement Fund Program Application Instructions

Figure 20: Category that Best Describes the Task Item

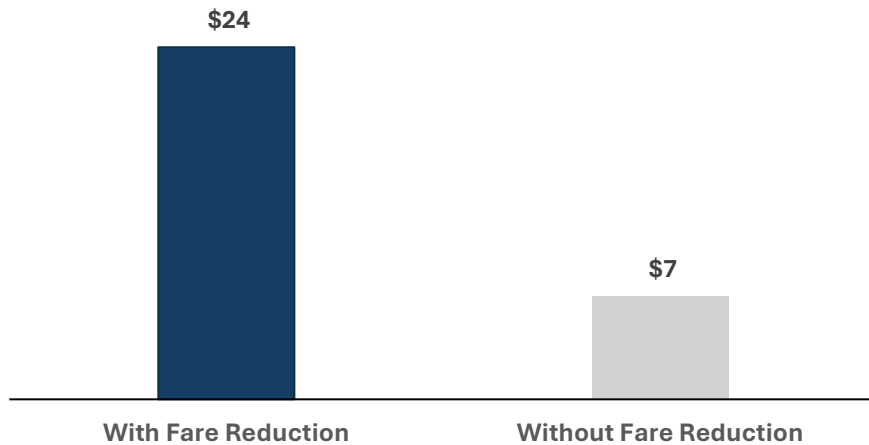
Category *

- ☐ Communications 44.26.14
- ☐ Equipment Purchase
- ☐ Facility Purchase
- ☐ Mobility Management 11.7L.00
- ☐ Operations 30.09.01 (Operating Assistance)
- ☐ Planning 44.20.00
- ☐ Preventive Maintenance 11.7A.00
- ☐ Program Reserve 11.73.00
- ☐ Project Administration 11.79.00
- ☐ Signs/Shellers Purchase
- ☐ Vehicle Purchase 111-00
- ☐ Capital 117-00 Other Capital Items (Bus)

The *2023-2025 Statewide Transportation Improvement Application Instructions* specifies what falls under some categories, but not others. For example, operations tasks refer to fixed route or demand response transportation service. QEs must state the quantity and unit cost of Equipment and Facility purchases. The instructions do not specify what constitutes as Project Administration or Mobility Management.

The lack of guidance has led to inconsistency between regions. One QE in Region 1 categorized a task that provided reduced or free fares to riders as Project Administration. Other QEs grouped similar tasks under Operations or Mobility Management. The tasks typically listed as Project Administration included staff time, outreach, and marketing materials. If this project was reclassified as Operations or Mobility Management, the reported Project Administration for that QE would decrease by 72%. Instead, it appears that the QE spends more on administrative expenses than others. The graph below illustrates the disparity. It compares the funds the Region 1 QE allocated towards Project Administration funds with the fare reduction project to Project Administration spending without it.

Graph 6: Project Administration Spending With and Without Fare Reduction Project (In Millions)



Guidance does not define what constitutes Project Administration or Mobility Management or stipulate that waiving fares is an Operations task. Without specific instructions on what spending fits under task categories, QEs are classifying similar projects differently. Having similar projects categorized differently limits

PTD's ability to monitor spending by category. Instead, similar project expenditures are spread among multiple categories.

**PROJECT STATUS
MONITORING IMPACTED
BY GAPS IN GUIDANCE**

Under existing guidance, ODOT has limited ability to monitor project status across QEs. The existing categories "Completed", "In Process", and "Not Started," do not capture ongoing tasks or instances where QEs suspend projects.

About 90% of operations tasks marked as "In Process" in SPRs at the end of the biennium were ongoing projects that were completed and running. Ongoing projects are those QEs plan to continue indefinitely, such as a new service route. PTD does not tell them how to classify ongoing projects, which has led to QEs doing it differently. One used STIF Funds to establish a demand response service for shopping trips on Tuesdays. They marked it as "Complete" on their last SPR of the 21-23 biennium. Another set up a similar demand response task that provides weekday trips to medical services and categorized it as "In Process." Both QEs added text in the SPR and STIF plan confirming that they will continue the service into the next biennium. In the absence of clarification regarding how to mark ongoing projects as complete, most QEs have listed them as "In Process," which gives the appearance they are not finishing tasks.

In addition to ongoing projects, current guidance does not dictate how suspended projects and not started projects should be reported. QEs halted service on 12 (out of 229) operations tasks due to lack of funds. At the end of the biennium, they were classified as "Completed" (10) or "Not Started" (2). While this was a small portion of operations projects, lack of guidance hinders PTD from monitoring suspended projects.

SPR reporting only provided reasoning for 47% of the STIF funds from "Not Started" tasks. Due to the lack of context provided we were unable to determine why the remaining tasks were not started. Additionally, SPRs from a portion of "Not Started" tasks stated that planning work was underway for projects reported as not being started. These included instances where QEs ordered vehicles that had not been delivered or they were in the planning phase of an operations project. Existing guidelines don't specify how much work must be completed for a task to be classified as "In Process" rather than "Not Started." This creates the appearance that QEs have not started work despite ordering a vehicle or currently being in the planning process. This gap in

guidance limits PTD from both tracking why QEs do not start tasks and ensuring that no work has been done for those reported as “Not Started.”

CONCLUSION

HB 2017 was passed with the goal of reducing congestion, enhancing safety, and increasing Oregon’s transportation options. The bill included a list of named projects to be completed in pursuit of these goals. Years after HB 2017’s passage half of these projects are completed, and the others are all in process. The majority of projects have different scopes and higher budgets than originally anticipated. Construction was pushed back for 30% of those in progress. Despite alterations and adjustments, much progress has been made toward the completion of the named project component of HB 2017.

Since its inception through HB 2017, STIF has successfully expanded public transportation options throughout Oregon. QEs in all regions completed projects that added new fixed route and demand response services Oregonians can use for transportation. When HB 2017 was enacted QEs were prohibited from using STIF funds to maintain transportation services. This was changed via legislation in 2020. Since then, QEs have dedicated STIF funds towards maintain transit operations. This ensures Oregonians will continue to have access to fixed route and demand response services through STIF. Improving guidance will build on this success by ensuring progress is reported accurately and can be supported.

RECOMMENDATIONS

PTD should:

1. Determine desired level of supporting documentation for STIF spending reported in SPRs. Support could differ based on category of work, but could include invoices or comparable documents, tracking spreadsheets, or service agreements.
2. Enhance guidance to clarify which types of work falls under each task category.
3. Determine how ongoing and suspended projects should be classified in SPRs. Options include updating guidance to state they should be marked “Completed” once ongoing fixed route or demand response operations task is in service or “Not Started” for a project that QE decides to suspend.

-
4. PTD should clarify what level of work constitutes “Not Started” and how “Not Started” tasks should be reported. For example, the reason a task is “Not Started” should be included in the SPR.

**OBJECTIVE, SCOPE AND
METHODOLOGY**

The audit had two objectives:

1. Determine the status of ODOT-administered highway construction projects named in HB 2017. For these projects, make observations on any changes to scope, schedule, and budget.
2. Review how transit providers have been using HB 2017 funding.

For named projects, we did the following:

1. Interviewed Government Relations staff regarding documentation from the time of enactment and status reporting.
2. Reviewed Power BI reports in the Project Delivery Reports Portal, Government Relations reports, and other ODOT produced reports on named projects.
3. Obtained project information for all 20 named projects from the following:
 - a. STIP FP
 - b. Documents from the Project Initiation, Design Acceptance Phase, Plans, Specifications, & Estimates phases stored in ProjectWise
 - c. Change Management Requests (CMR) in the CMR database

This analysis was completed in June 2024. There is a possibility that projects included in our analysis have been changed since our work was completed.

For STIF we did the following:

1. Interviewed PTD staff regarding STIF processes and monitoring.
2. Interviewed RTCs regarding STIF processes and monitoring.
3. Categorized project tasks from all approved STIF Plans during the 21-23 (40 STIF Plans) and 23-23 biennium (41 STIF Plans).
4. Reviewed all SPRs from the 4th quarter of fiscal years 20, 21, 22, and 23.

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5. Reviewed supporting documentation attached to SPRs for 10 QEs.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

MANAGEMENT RESPONSE



Oregon
Tina Kotek, Governor

Oregon Department of
Transportation

December 20, 2024

Marlene Hartinger
ODOT Chief Auditor
335 Capitol Street NE
Salem, OR 97301

Ms. Hartinger,

Thank you for conducting this work to provide an audit and findings. We appreciate the collaborative nature of your staff and insights into the Statewide Transportation Improvement Fund (STIF) program.

Public Transportation Division agrees with the recommendations in the audit. The STIF was created by the legislature in 2017 by HB 2017, with STIF formula funding distributions beginning in 2019, and it remains a relatively new program. We recognize the need to engage in a continuing process of improvement to the STIF program, and we believe that the recommendations in this audit will be valuable as we work to make those improvements.

Audit recommendations and responses:

PTD Should:

1. Determine desired level of supporting documentation for STIF spending reported in STIF Plan Reports (SPRs). Support could differ based on category of work, but could include invoices or comparable documents, tracking spreadsheets, or service agreements.

Response #1: Agree. Existing *ODOT Request for Reimbursement Supporting Documentation Checklist* does not apply to the STIF formula program and additional guidance is warranted.

In 2025, PTD will provide greater guidance on reporting and documentation that should be submitted with SPRs in support of STIF formula spending. PTD will evaluate the *ODOT Request for Reimbursement Supporting Documentation Checklist* to determine whether its standards apply to the STIF formula program. PTD will then draft and issue guidance that explicitly applies to the STIF program with uniform standards for documentation supporting STIF formula expenses.

In 2025, PTD will coordinate training for transit agencies regarding the updated standards for supporting documentation.

2. Enhance guidance to clarify which types of work falls under each task category.

Response #2: Agree. Enhanced guidance clarifying the types of work that fall under each task category will improve the uniformity of activities that are described in each Qualified Entity's STIF Plan. This, in turn, will improve PTD's ability to monitor spending by task category across the STIF formula program by ensuring that the same activities are described using the same spending categories across different plans. Setting uniform definitions for task categories will also assist Qualified Entities as they develop their STIF plans.

PTD will develop written definitions for the types of work that fall within each task category. As part of our continuous improvement of the STIF program, PTD is comprehensively assessing STIF program policies and procedures through 2025 and will include enhancing definitions for each of the task categories. The terms used to describe task categories within the STIF plan generally have counterparts in federal funding programs as a starting point.

By early 2026, before Qualified Entities submit their FY27-29 STIF Plans, PTD will incorporate updated task category definitions into STIF program guidance. PTD will schedule and provide training to providers regarding those guidance updates.

3. Determine how ongoing and suspended projects should be classified in SPRs. Options include updating guidance to state they should be marked "Completed" once ongoing fixed route or demand response operations task is in service or "Not Started" for a project that QE decides to suspend.

Response #3: Agree. Classifying "ongoing" and "suspended" projects consistently in the SPR will improve our ability to track uniform data and report on the status of STIF projects. We will develop set definitions for the terms "Completed" and "Not Started" that describe the appropriate classifications for "ongoing" and "suspended" projects. We will begin by reviewing how transit agencies are currently reporting project status in their SPRs. This audit will provide a starting point to evaluate SPR project status reporting.

In 2025, PTD will issue guidance to define these terms. PTD will issue explanatory and training materials as a part of that implementation process.

4. PTD should clarify what level of work constitutes "Not Started" and how "Not Started" tasks should be reported. For example, the reason a task is "Not Started" should be included in the SPR.

Response #4: Agree. Clarifying "Not Started" task status and reporting will improve our ability to track the status of STIF formula projects. Like recommendation #3, PTD will develop guidance to set a standard definition for the term "Not Started" for use in the SPR, and we will begin by reviewing how transit agencies are currently reporting project status. The SPR form has a "notes" field that some agencies have used to provide a reason that a task is "Not Started." PTD will consider establishing a requirement that agencies to use that "notes" field to explain why a task is classified as "Not Started," but we will also explore other solutions as we develop guidance.

As with recommendations 1 and 3, PTD will implement these changes in 2025. PTD will issue explanatory and training materials as a part of that implementation process.

Every audit is an opportunity to improve. We appreciate the diligence and professionalism of the audit team and look forward to working with you as we implement the audit recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Suzanne Carlson', followed by a large, stylized flourish or initial.

Suzanne Carlson
Public Transportation Division Administrator