

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5047-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Hanna
Carrier – Senate: Sen. Verger**

Action: Do Pass as Amended and Be Printed A-Engrossed

Vote: 21 – 0 – 0

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields

– Nays:

– Exc:

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett, Winters

– Nays:

– Exc:

Prepared By: Jim Carbone, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: 6/15/07

Agency

Oregon Department of Transportation

Budget Page

G-5

LFO Analysis Page

349

Biennium

2007-09

2005-07

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Senator Betsy Johnson, Transportation and Economic Development
Subcommittee Chair

Budget Summary*

	2005-07		2007-09		Percentage Committee Change from Governor's Budget
	Legislatively Approved Budget (1)	Governor's Budget	Committee Recommendation	Difference from Governor's Budget	
General Fund	\$ 8,626,167	\$ 6,575,313	\$ 4,504,713	\$ -2,070,600	-31.5%
Lottery Funds	22,819,951	54,777,424	46,559,957	-8,217,467	-15.0%
Other Funds	2,758,110,824	3,365,202,092	3,250,677,980	-114,524,112	-3.4%
Other Funds Nonlimited	17,663,632	17,663,632	17,663,632	0	0.0%
Federal Funds	65,054,123	78,148,081	79,231,221	+1,083,140	+1.4%
Total	\$ 2,872,274,697	\$ 3,522,366,542	\$ 3,398,637,503	\$ -123,729,039	-3.5%

Position Summary

Authorized Positions	4,687	4,682	4,625	-57
Full-time Equivalent (FTE) Positions	4,568.37	4,559.19	4,527.24	-31.95

(1) Includes adjustments through the December 2006 meeting of the Emergency Board

* Excludes Capital Construction expenditures

2005-07 Supplemental Appropriation

Federal Funds	\$	0	\$	0	\$	2,022,471	\$	+2,022,471	\$
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Summary of Revenue Changes

The Subcommittee approved a 2007-09 biennial budget for the Oregon Department of Transportation (ODOT) which relies primarily on Other Funds and Federal Funds to execute the agency's programs. Some General Fund is appropriated to support passenger rail service.

The agency's Other Fund revenue sources include motor fuel taxes, motor vehicle and driver license fees and registration, maritime pilot fees, and charges for services. Lottery Funds support Debt Service on rail projects, short line infrastructure assistance, industrial rail spur infrastructure projects and Connect Oregon loans. The agency receives Federal Funds revenues from federal highway, transit, and rail programs. The Department shows most of its federal highway revenue as Other Funds, except for dollars from certain federal sources, which are targeted for specific non-highway related activities.

Summary of Subcommittee Action

ODOT is responsible for a wide range of programs and activities related to Oregon's transportation systems. The agency is involved in developing highways, roads and bridges, railways, public transportation services, bicycle and pedestrian paths, transportation safety programs, driver and vehicle licensing, and motor carrier regulation. The agency, which has offices and facilities statewide, is organized into 21 program units for budget recording purposes. The Subcommittee approved an agency total funds budget of \$3,410.3 million and 4,527.24 full-time equivalent positions. All, except for \$11.7 million capital construction, is included in this bill.

The Subcommittee approved a budget that is an 18.6 percent increase from the 2005-07 legislatively approved budget. General Fund support is decreased by 47.8 percent assuming passage of House Bill 2982 to dedicate the \$25 fee collected for customized vehicle registration plates to the passenger rail program. This will provide \$4.3 million for operation of one of the two Cascade Trains from Eugene to Portland, the balance is subsidized with General Fund and some federal transportation funds for operation of the thruway bus routes.

The increases in Other Funds and Federal Funds from the 2005-07 levels support highway construction projects including \$990 million supported by highway user bonds, \$784 million from federal revenues, and \$33 million from other highway funds for highway construction projects. The budget supports \$25 million of the \$100 million in lottery-backed revenue bonds and \$4.9 million Lottery Funds for related debt service costs to continue an initiative for transportation projects approved by the Legislature for the 2005-07 biennium. This includes improving public transportation, the aviation system, the rail network, and marine and ports - with an emphasis on projects that will facilitate the movement of people or freight between roads and air, water, and rail transportation. The budget also includes resources to respond to mandates outlined by Senate Bill 640 (2005) which directed the department to utilize biometrics in the issuance of driver licenses, permits, and identification cards. In addition, this budget makes significant investments in maintaining and improving the agency's aging infrastructure as well as investments to facilitate outreach efforts to provide opportunities to disadvantaged, minority, women and emerging small businesses. The budget continues support for senior and disabled transit operations and equipment.

The agency's budget includes the following program units: Highway: Maintenance, Preservation, Bridge, Safety, Operations, Modernization, Special Programs, Local Government, Utility Permits; Driver and Motor Vehicle Services; Motor Carrier Transportation; Transportation Program Development; Public Transit; Rail; Transportation Safety; Debt Service; Board of Maritime Pilots; Central Services; Oregon Transportation Infrastructure Bank, Capital Improvements; and Major Capital Construction.

Highway

The Highway Division consists of two major program areas: Maintenance and Construction. Construction includes the Preservation program, Bridge program, modernization program, Highway Safety program, Highway Operations program, Local Government program, and Special programs.

Budget Note

Construction Project Cost Over/Under runs

“The Department of Transportation’s practice of requiring each Region to self-balance its allocation of Statewide Transportation Improvement Project funding is a concern to the legislature. The practice seems to prohibit the Department from consolidating project cost under-runs statewide to fund or advance projects based on statewide priority.

In order for the Legislature to ascertain whether the magnitude and impact of this practice inhibits projects of statewide significance from advancing, the Department shall provide a report to the interim Joint Committee on Ways and Means or Emergency Board by no later than November 2008 of project under-runs by project and Region for the last six federal fiscal years.

The report should list:

1. The project type (Preservation, Bridge, Safety, etc.)
2. The original STIP project budget;
3. The amount of under-run (savings);
4. The under-run percentage; and
5. A description of how the under-run savings were used – including but not limited to
 - Fund STIP project over-runs
(include Region, type of project, project STIP year, and date of OTC approval)
 - Advance STIP projects
(include Region, type of project, project STIP year, and OTC approval date);
 - Fund Maintenance program projects
(include Region, type of project and OTC approval date)
 - Other (include a description)

In addition, the Department shall provide alternatives to the practice with an analysis of each alternative identifying the advantages or disadvantages to the state for each alternative.”

Highway – Maintenance

The Maintenance program includes the routine daily activities of preserving, repairing and restoring existing highways to keep them safe and usable for travelers. Typical activities are surface and drainage repair, roadside and vegetation management, snow and ice control, bridge maintenance and crash response. The program is also responsible for maintaining agency-owned buildings and equipment throughout the state. The Subcommittee approved a budget of \$352,445,774 Other Funds and 1,322.36 full-time equivalent positions. This is the Essential Budget Level, adjusted for the roll-up of September 2006 changes, with the following additional adjustments:

Package 806: LFO Technical Adjustments

- Consolidate the Claims Against Others program into a single program unit by shifting a position (1.0 full time equivalent position) from Maintenance to the Special Programs program unit (minus \$120,037 personal services and \$534,083 services and supplies).
- Consolidate Traffic Systems into the Operations program unit by shifting two positions (2.0 full-time equivalent positions) from Maintenance (minus \$317,496 Other Funds).
- Shift \$250,000 services and supplies into Maintenance program unit to maintain installed Intelligent Transporting System devices.
- Shift \$1,478,565 Other Funds from Special Programs for Fleet Acquisition.
- Consolidate the Utility Permits Program into the Maintenance and Emergency Services Program by shifting \$1,689,681 Other Funds personal services and 12 positions (12.0 full-time equivalent) and \$3,202,154 Other Funds services and supplies. The Oregon Supreme Court ruled Utility right-of-way permits an allowable use of Highway Trust Funds. Therefore, consolidation simplifies the financial tracking system.
- Increase personal services Other Funds expenditure limitation by \$654,424 for reclassification of 40 Principle Executive/Manager (PEM) B positions to PEM C and 7 Transportation Maintenance Supervisors to PEM C's. Also, move one of the PEM B positions (#3551220) to be reclassified from Special Programs to Maintenance (+\$164,105). Reclassification of these positions addresses a retention issue and implements recommendations from a management study conducted at the request of the interim House Transportation Committee.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$702,308 to reflect revised estimates.

Highway – Preservation

Preservation projects add useful life to a road without increasing its capacity, primarily through pavement resurfacing. The Subcommittee approved a budget of \$242,114,529 Other Funds and 199.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 806: LFO Technical Adjustments

- Move the Sustainability Coordinator (1.0 full-time equivalent position) from Highway Preservation to ODOT Headquarters (minus \$139,152 personal services and \$86,848 services and supplies).
- Increase personal services Other Funds expenditure limitation by \$22,368 for reclassification of a PEM D to a Professional Engineer (PE) 2. Also, move PEM D (position #2301055) to be reclassified from Preservation to Special Programs (\$196,538). Reclassification of these positions addresses a retention issue and implements recommendations from a management study conducted at the request of the interim House Transportation Committee.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$49,376 Other Funds to reflect revised estimates.

Highway – Bridge

The Bridge program works to maintain, rehabilitate and replace the more than 2,600 bridges and other highway related structures on the state highway system. The Subcommittee approved a budget of \$932,400,558 Other Funds and 148.50 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 806: LFO Technical Adjustments

- Eliminate funding that had been planned to provide the Oregon Department of Fish & Wildlife (ODFW) with the capacity for coordinating bridge project development, construction, maintenance, and salmon recovery programs. The related position was not included in ODFW's budget, therefore this funding is eliminated from ODOT's budget.

Highway – Safety

The Highway Safety program identifies all fatal and serious crash sites around the state and recommends cost-effective mitigation strategies. Solutions range from signal lights and building left turn lanes to closing accesses to highways, fixing guardrails and installing breakaway sign posts. The Subcommittee approved a budget of \$52,034,379 Other Funds and 34.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$25,244 Other Funds to reflect revised estimates.

Highway – Operations

Highway Operations is responsible for developing strategies to increase system efficiency, increase safety and manage congestion. Program activities include traffic control, traveler information systems and incident management. The Subcommittee approved a budget of \$48,441,635 Other Funds and 158.62 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 806: LFO Technical Adjustments

- Consolidate Traffic Signal Systems into Operations Program by shifting 2 positions (2.0 full-time equivalent positions) from Maintenance (\$317,496 Other Funds) and 9 positions (9.0 full time equivalent positions) from Special Programs (\$1,278,517 Other Funds).
- Shift \$250,000 Other Funds services and supplies to Maintenance to maintain installed ITS devices.
- Shift \$400,000 Other Funds from Special Programs to Operations for IR/COMET vehicles.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$48,760 Other Funds to reflect revised estimates.

Highway – Modernization

Modernization projects build new facilities or add capacity to existing facilities to allow for current and projected traffic volumes. These projects improve safety, relieve congestion and allow more efficient movement of people and goods across the state. The Subcommittee approved a budget of \$396,580,357 Other Funds and 132.50 full-time equivalent positions. This is the Essential Budget Level.

Highway – Special Programs

Activity areas within this program unit include salmon/watershed work, environmental services, scenic byways, bicycle and pedestrian access, winter recreation parking, snowmobile facilities, civil rights, and surplus property. The Subcommittee approved a budget of \$201,259,011 Other Funds and 585.86 full-time equivalent positions. This is the Essential Budget Level, adjusted for roll-up of the September 2006 changes, with the following additional adjustments:

Package 101: Highway Snow-Park Fee Increase

- Increase Other Funds expenditure limitation by \$556,960 for increased Snow-Park costs. A fee increase is anticipated to support continuation of current Snow-Park services.

Package 102: Highway Document Management Phase II

- Increase Other Funds expenditure limitation by \$4,030,942 for Highway Document Management Phase II. This will allow for the development of an integrated electronic database of all technical and engineering documents necessary to manage the Oregon State Highway system; including continuing the Right-Of-Way data management system, electronic engineering document management system, and linking together additional key engineering and technical documents. It is expected that the department will provide on-line access to the searchable database for public use.

Budget Note

Airspace Leases

The budget provides \$4.0 million for completion of the right-of-way data management system; the Department is directed to provide a report to the interim Joint Committee on Ways and Means or Emergency Board by no later than November 2008 on its program for maximizing financial return of existing properties through lease or sale along with a status of properties currently owned by the Department.

Package 806: LFO Technical Adjustments

- Consolidate Traffic Signal Systems into Operations program by shifting 9 positions (9.0 full-time equivalent positions) from Special Programs (minus \$1,278,517 Other Funds).
- Shift \$400,000 from Special Programs to Operations for IR/COMET vehicles.
- Consolidate the Claims against Others Program into a single program unit by shifting a position (1.0 full-time equivalent position) from Maintenance to Special Programs (PS \$120,037, S&S \$534,083 Other Funds).
- Consolidate the Civil Rights Program expenses into Central Services – shift \$1.4 million Other Funds services and supplies to Central Services division.
- Add \$500,000 Federal Congestion Mitigation and Air Quality (CMAQ) funds from Local Government program for use in the DEQ Clean Diesel Emissions Program.
- Shift \$1,478,565 Other Funds from Special Programs to Maintenance program for Fleet Acquisitions.
- Increase Personal Services Other Funds expenditure limitation by \$332,472 for reclassification of a Principal Executive Manager (PEM) E to a Professional Engineer (PE) 2; reclassification of 14 PEM D's to PE 2's; and reclassification of a PEM B to a PEM C. Also, shift position # 3551220 from Special Programs to Maintenance (\$164,105 Other Funds) and shift position # 2301055 from Preservation to Special Programs (\$196,538 Other Funds). Reclassification of these positions addresses a retention issue and implements recommendations from a management study conducted at the request of the interim House Transportation Committee.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$492,316 Other Funds to reflect revised estimates.

Package 808: House Bill 2273

- House Bill 2273 – Billboard and Signs: Approve 21 months of a limited duration Program Analyst 1 and 21 months of a limited duration Administrative Specialist (1.76 full-time equivalent positions and \$143,001 Other Funds personal services- less the first 6 months of PERS costs); and \$191,000 services and supplies. The Department of Administrative Services (DAS) is directed to un-schedule one-half of this expenditure limitation until the agency demonstrates to LFO and DAS actual workloads and need for the expenditure limitation. Note that current fees will cover \$192,500 of the increased workload – the agency is directed to establish fees at a level that will recover costs in the 2007-09 and future biennia. Other non-highway fund resources will be required to cover costs of the increased workload until fees from this program are sufficient. It is expected that the Transportation Operating Fund will be repaid from the Billboard and Sign fees.

Local Government

The Department is responsible for administering all Federal Funds supporting highway construction in Oregon, with all local expenditures related to federal highway programs reflected in this section of the agency's budget. The Subcommittee approved a budget of \$260,703,471 Other Funds and 17.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustment:

Package 806: LFO Technical Adjustments

- Move \$500,000 Federal CMAQ funds to Special Programs for the DEQ Clean Diesel Emissions Program. The Department will enter into an Intergovernmental Agreement with DEQ to allow DEQ to access these monies as part of the Oregon Clean Diesel Initiative.

Utility Permits

This program issues permits to utilities for conducting activities on state highway rights of way. The Subcommittee moved this entire program, in Package 806, into the Maintenance program unit. The Oregon Supreme Court ruled Utility right-of-way permits allowable use of Highway Trust Funds. Consolidation into the Maintenance program will simplify the financial tracking system.

Driver and Motor Vehicle Services

Driver and Motor Vehicle Services' (DMV) mission is to promote driver safety, protect financial and ownership interests in vehicles, and collect revenue for Oregon's roads. Division activities include licensing approximately 3 million drivers, verifying identification, testing driver skills and registering/titling over 4 million vehicles. The Subcommittee approved a budget of \$146,145,120 Other Funds, \$1,619,219 Federal Funds and 837.25 full-time equivalent positions. This is the Essential Budget Level, adjusted for roll-up of the September 2006 changes, with the following additional adjustments:

Package 201: Implement SB 640

- Approval of \$2,804,812 Other Funds (six positions; 4.00 full-time equivalent positions) for implementation of 2005 Senate Bill 640. Technical adjustment to this package includes: removal of 6 months PERS costs (\$5,128) and reduction in services and supplies to reflect updated pricing of Digimarc Contract, postage and alignment of telecommunications with average Essential Budget Level/Full-Time Equivalent position costs.

Package 203: Replace Automated Testing Device System

- Approval of \$1,400,000 Other Funds to provide resources to replace the individual Automated Testing Devices that are used in DMV field offices. Over 200 machines will be replaced.

Package 206: DMV Beaverton Field Office Lease

- Approval of \$432,000 Other Funds to relocate the Beaverton field office.

Package 806: LFO Technical Adjustments

- Approval of \$1,100,000 Federal Funds for a Federal grant for digital capture of identity source documents for implementing Federal Commercial Driver Licensing Requirements. The Department of Administrative Services will unschedule the funds until the agency has official notice of the actual grant award and demonstrates a need for the expenditure limitation to LFO and BAM.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$856,616 Other Funds to reflect revised estimates.

Note that Package 202 (Real ID Act) was not approved. This package is dependent on passage of substantive legislation. If the legislation passes, the fiscal impact will be considered with the legislation.

Motor Carrier Transportation Division

This program promotes a safe, efficient and responsible commercial transportation industry by simplifying compliance, streamlining requirements, and delivering superior customer service while recognizing the vital economic interest of the commercial transportation industry. The Subcommittee approved a budget of \$52,093,496 Other Funds, \$5,372,359 Federal Funds, and 317.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustment:

Package 301: Transaction Fee on Credit Cards

- Provides \$1,560,000 Other Funds to cover transaction fees charged by banks on credit card payments.

Transportation Program Development

Transportation Program Development (TPD) unit activities include inspecting bridges, rating pavement, scoping projects, analyzing crashes, monitoring traffic volumes and inventorying public roads. The Subcommittee approved a budget of \$167,198,147 Other Funds; \$208,210 Federal Funds and 215.40 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 401: TPD Asset Management

- Approval of \$760,892 Other Funds to integrate the process of asset management into ODOT business processes and decision-making. Provides resources to develop automated asset management system.

Package 404: TPD IT IS Database Replacement

- Approval of \$1,000,000 Other Funds for preliminary analysis to begin process of replacing ODOT's integrated Transportation IS database and Features Inventory Database within one consolidated system.

Package 405: TPD Research SAFETEA-LU Funding

- Approval of \$1,284,435 Other Funds and establish 2 positions to address increased workload resulting from federal funding of additional projects in the SAFETEA-LU authorization bill.

Package 406: Connect Oregon 2

- Approval of \$25,232,400 Other Funds, which is the portion of the \$100 million Connect Oregon 2 bond proceeds that are estimated to be expended during the biennium.

Package 490: Rail Planning

- This policy package is moved to the Rail program unit.

Package 806: LFO Technical Adjustments

- Shift 4 positions 4.0 full-time equivalent positions and \$620,182 Other Funds personal services and (\$46,291 Other Funds) services and supplies) from Central Services to Transportation Program Development (TPD) program unit to consolidate workload for long-range transportation planning in TPD. Economic forecasting workload will continue to be done by these positions on a limited basis.
- Provide \$70,107,400 Other Funds for completion of Connect Oregon 1 projects.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$329,880 Other Funds to reflect revised estimates.

Public Transit Division

The Public Transit Division encourages public transportation, ridesharing, walking, bicycling and telecommuting in order to decrease traffic congestion and to improve air quality. The division gives financial and technical assistance to local transit providers, helps develop new services, develops and coordinates planning and promotes transportation demand management. The Subcommittee approved a budget of \$20,867,014 Other Funds, 42,263,180 Federal Funds, and 15.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 411: Transit SAFETEA-LU Implementation

- Approval of \$2,994,868 Federal Funds. This will establish a permanent position (1.0 full-time equivalent position minus the first six months of PERS costs for a new position). It will also provide expenditure limitation to address increased workload resulting from increased funding in the federal SAFETEA-LU authorization bill.

Package 807: Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$35,645 Other Funds and \$11,728 Federal Funds to reflect revised estimates.

Rail Division

The Rail division represents and advocates for customers of passenger and freight railroads to ensure a safe, efficient and reliable rail transportation system. Among the Division's responsibilities are crossing safety, state and federal regulations worker safety, ensuring a competitive freight system, delivering quality passenger rail and effective management of state-owned railroad facilities. The Subcommittee

approved a budget of \$4,504,713 General Fund, \$19,031,202 Other Funds, \$15,862,746 Federal Funds and 24.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustments:

Package 422: Rail Passenger Funding

- Approval of this package which proposes dedicating the \$25 fee collected for customized vehicle registration plates (House Bill 2982), currently supporting the roadside litter cleanup program, to the Passenger Rail program. The roadside litter cleanup program would be backfilled with Highway Trust Funds.

This package was adjusted by increasing the Intercity Passenger Bus grant through Public Transit by \$70,600 Other Funds. This has the effect of reducing the General Fund for Passenger Rail by this amount.

Package 490: Rail Planning

- Approval of \$2,000,000 Other Funds, funded by an assessment of projects in Connect Oregon 2, to supplement available funding for multimodal planning, including rail planning.

Budget Note

Multimodal Study

“The Department of Transportation is directed to undertake a multimodal transportation study directed by House Bill 2278A. In addition to the criteria for identifying potential funding sources and strategies that are independent of State General Funds or Lottery Funds as outlined in House Bill 2278A, the department is expected to include an assessment that directs funding for rail service improvements and service that places emphasis on Oregon commodities and/or providers. The Department shall provide the completed study to the interim Joint Committee on Ways and Means or Emergency Board. If the study is not completed by November 2008, the Department shall provide a status report to the Joint Committee on Ways and Means or Emergency Board.”

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$84,500 Other Funds to reflect revised estimates.

Transportation Safety Division

This program unit organizes, plans and conducts a statewide transportation safety program. Major efforts focus on occupant protection, drunk and drugged driving protection, speeding, youthful drivers, pedestrians, bicyclists, motorcyclists and employers. The Subcommittee approved a budget of \$13,252,747 Other Funds, \$13,875,548 Federal Funds and 26.00 full-time equivalent positions. This is the Essential Budget Level with the following adjustment:

Package 431: Driver Education Support

- Approval of \$210,016 Other Funds to establish 2 positions (2.0 full-time equivalent positions, minus the first six months of PERS funding for these new positions). This will increase the staff in the Driver Education Program from 1 to 3 to allow the monitoring of approximately 35 providers per year to ensure consistency of the training materials, whether they are following established state guidelines and to ensure the provider is following their own curriculum guidelines. This program is funded by the Student Driver Training Fund.

Debt Service

This unit contains Other Funds Debt Service on Highway Revenue Bonds and Certificates of Participation. In addition it includes the Debt Service on Lottery Bonds. The Subcommittee approved a budget of \$46,559,957 Lottery Funds and \$185,530,273 Other Funds. This is the Essential Budget Level with the following adjustments:

Package 406: Connect Oregon 2

- Approval of \$4,931,493 Lottery Funds for debt service for \$100 million in Lottery-backed bond proceeds to be used for multimodal improvement projects. Debt issuance costs are estimated at \$1,978,447. Interest assumes the sale of \$50 million in May 2008 and \$50 million in March 2009. Connect Oregon 2 requires passage of House Bill 2278.

Package 806: LFO Technical Adjustments

- Adjusts debt service amounts based on recent changes in payment schedules.

Board of Maritime Pilots

The Board of Maritime Pilots (BOMP) is an independent occupational licensing and regulatory agency for state maritime pilots. Its budget, which is primarily fee-supported, was placed under ODOT several years ago for administrative purposes. The Subcommittee approved a budget of \$277,046 Other Funds and 1.00 full-time equivalent position. This is the Essential Budget Level with the following adjustment:

Package 480: BOMP Fee Increase

- Approval of \$54,881 Other Funds to increase BOMP's position from 0.71 FTE to 1.00 FTE. Funding requires passage of House Bill 2277 which will allow the license fee paid by maritime pilots to increase from \$1,500 to \$2,500 – adjusted by inflation thereafter.

Central Services

The Director's Office is attached to this program unit, which provides centralized administrative and managerial support to the agency's operating divisions. These support services include internal and external communications, information services, financial services, human resources, business services, and internal audit. The operating divisions fund this program unit through an assessment that recovers Central Services' operating costs. The assessment is generally allocated to divisions based on their number of full-time equivalent positions. The Subcommittee approved a budget of \$157,132,221 Other Funds, \$29,959 Federal Funds and 493.75 full-time equivalent positions. This is the Essential Budget Level, adjusted for roll-up of the September 2006 changes, with the following additional adjustments:

Package 201: Implement SB 640

- Approval of \$148,872 Other Funds to establish 2 full-time permanent positions, 1.00 full-time equivalent position (minus the first six months of PERS funding for these new positions). These positions will provide ongoing technology support to implement 2005 Senate Bill 640. This bill requires the use of biometric technology for ID verification in issuing driver licenses and ID cards.

Package 471: Integrated Financial/HR System

- Approval of \$6,599,372 Other Funds to develop computer software to replace ODOT's financial and Human Resources systems. These funds will support gathering the requirements for the new system, developing critical data models, and beginning the acquisition process.

Package 806: LFO Technical Adjustments

- Shift 4 positions, 4.0 full-time equivalent positions (\$620,182 Other Funds personal services and \$46,291 Other Funds services and supplies) from Central Services to Transportation Program Development to consolidate workload for long range transportation planning. Economic forecasting will continue to be done by these positions on a limited basis.
- Move the Sustainability Coordinator (1.0 full-time equivalent position) from Highway Preservation to ODOT Headquarters (Central Services) - \$139,152 Other Funds personal services and \$86,848 Other Funds services and supplies.
- Consolidate Civil Rights expenses in Central Services by shifting \$1.4 million Other Funds services and supplies from Highway Special Programs.

Package 807: LFO Vacancy Savings Adjustment

- Reduce the vacancy savings adjustment by \$1,577,430 Other Funds to reflect revised estimates.

Package 809: Emerging Small Business Outreach

- Approval of \$2,400,000 Other Funds to increase ODOT's outreach efforts in providing additional opportunities for emerging small businesses in construction and maintenance of highway and bridge contracts.

Package 810: Mentor Protégé Program

- Approval of \$100,000 Other Funds to provide non-highway resources for a Mentor Protégé program which will be added to \$200,000 of existing Highway Trust Funds expenditure limitation. The purpose of this program is to assist small firms grow capacity; improve revenues, employment levels and enhance technology and business plan development. It will provide small businesses (protégés) the opportunity to learn how to successfully compete for prime contract and subcontract awards by partnering with large companies (mentors) under individual, project-based agreements and to provide the highway contracting industry with an additional option for obtaining opportunities for Disadvantaged, Minority, Women and Emerging Small Business Enterprise firms to develop and expand in all areas of highway construction. The non-highway fund resources will provide resources for 5-6 general relationships and the \$200,000 highway fund resources will provide 10-12 contract specific relationships.

Budget Note

Mentor Protégé Program

“The budget provides \$300,000 to fund a “Mentor Protégé Program” to address the Department of Transportation’s commitment to providing contract opportunities to all Oregon-based Disadvantaged, Minority, Women and Emerging Small Business Enterprises (DMWESB). The Department is directed to develop performance measures and provide a report to the interim Joint Committee on Ways and Means or Emergency Board by no later than November 2008 on the business relationships established and achievements of assisting small firms grow capacity; improve revenues; employment levels, technology and business plan development.”

Non-Limited (NL Debt Service and Loan Fund)

The Oregon Transportation Infrastructure Bank (OTIB) makes loans to local governments, transit providers, ports, and other eligible borrowers. The fund was capitalized with a combination of federal and state funds and interest earnings. Revenue bonds also may be issued to provide additional capitalization. As loans are repaid, principal and interest is returned to the Bank and is available for new loans. The Subcommittee approved a non-limited Other Funds budget of \$17,663,632, which is the Essential Budget Level.

Capital Improvement

The Capital Improvement program provides for remodeling or repair projects of ODOT facilities. These projects are not large enough to qualify as Capital Construction (under \$0.5 million). The Subcommittee approved an Other Funds budget of \$3,171,000, which is the Essential Budget Level.

Capital Construction

The Capital Construction program provides for new construction, remodeling or improvements to ODOT facilities that meet state budget criteria to be categorized as Capital Construction projects. The Department’s Capital Construction budget will be approved in a separate bill. However, this Subcommittee did make recommendations as part of its overall agency review. Policy package 473 which would cover the costs of permits and design in anticipation of renovating the ODOT Headquarters Building in Salem was recommended. This \$4.7 million package includes \$1.9 million to relocate staff, systems and furniture & lease costs. Also recommended was policy package 103. This package provides \$5 million Other Funds expenditure limitation for the design and construction of a new maintenance facility in Baker City; \$1.1 million for design work for upgrading or replacing the East Portland maintenance site; \$900,000 for the Sylvan Maintenance Station; and \$1 as a placeholder for the replacement of the Sisters Maintenance Station.

2005-07 Supplemental Budget

The Subcommittee approved an additional \$2,022,471 Federal Funds for the 2005-07 biennium to support expenditure of Public Transit Grants.

Summary of Performance Measure Action

The Subcommittee approved continuing 17 key performance measures; modified wording in 7 measures; added new measures for customer service satisfaction and economic recovery team customer satisfaction; and deleted five 2005-07 measures. The Subcommittee added the Best Practices performance measure recommended by the Joint Legislative Audit Committee for all Boards and Commissions for the Board of Maritime Pilots with a target of 100 percent. The Subcommittee adopted the LFO recommendation in the attached Key Performance form and the following budget note:

Budget Note

Performance Measures

“The Department of Transportation is directed to update the Legislative Fiscal Office quarterly on its progress in revising its key performance measures. The Legislative Fiscal Office may request the Department to seek advice or concurrence from an appropriate interim committee on its key performance measures.”

See attached Legislatively Adopted 2007-09 Key Performance Measures form.