

**75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: SB 5548-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Gilman
Carrier – Senate: Sen. Starr**

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

Vote: 14 – 4 – 4

House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Gilman, Kotek, Nathanson

– Nays: Garrard, Richardson

– Exc: Jenson, Shields, G. Smith

Senate – Yeas: Bates, Carter, Johnson, Monroe, Nelson, Walker, Winters

– Nays: Girod, Whitsett

– Exc: Verger

Prepared By: Tamara Brickman, Department of Administrative Services

Reviewed By: Susie Jordan, Legislative Fiscal Office

Meeting Date: June 18, 2009

Agency

Department of Transportation

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Biennium

2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				\$\$ Change	% Change
General Fund	\$ 4,504,713	\$ 4,630,845	\$ 0	\$ -4,504,713	-100.0%
Lottery Funds	\$ 46,559,957	\$ 92,782,785	\$ 97,788,563	\$ +51,228,606	+110.0%
Other Funds Limited	\$ 3,225,418,786	\$ 3,103,298,936	\$ 3,631,521,413	\$ +406,102,627	+12.6%
Other Funds Nonlimited	\$ 17,663,632	\$ 18,158,214	\$ 18,158,214	\$ +494,582	+2.8%
Other Funds Debt Service Limited	\$ 185,530,273	\$ 293,975,776	\$ 301,690,901	\$ +116,160,628	+62.6%
Federal Funds Limited	\$ 81,066,942	\$ 82,510,966	\$ 87,621,688	\$ +6,554,746	+8.1%
Total	\$ 3,560,744,303	\$ 3,595,357,522	\$ 4,136,780,779	\$ +576,036,476	+16.2%

Position Summary

Authorized Positions	4,639	4,607	4,636	-3
Full-time Equivalent (FTE) positions	4,532.62	4,512.72	4,538.08	+5.46

(1) Includes adjustments through the December 2008 meeting of the Emergency Board

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Subcommittee approved a 2009-11 biennial budget for the Oregon Department of Transportation (ODOT) which relies on Other Funds and Federal Funds to execute the agency's programs. 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 Fund 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.

The Subcommittee included provisions of House Bill 2001, the Jobs and Transportation Act of 2009 (JTA), within this budget which provides \$295.8 million in new revenue through increasing:

- Vehicle title and registration fees (\$133 million);
- Vehicle trip permits and certain truck taxes and fees (\$114.6 million);
- Custom plate fees (\$4 million), which will be transferred to the passenger rail fund to replace the General Fund appropriation for the Rail Division;

- Fees to issue, replace, or renew Oregon Identification Cards (\$1.4 million), which will be transferred to the Elderly and Disabled Transportation Fund for the Public Transit Division;
- Increasing the gas and diesel taxes by \$0.06 per gallon (to go into effect only after certain increases in Oregon's employment have occurred - \$42.8 million).

The Subcommittee noted that the following revenue transfers will occur as a result of House Bill 2001: \$48,895,213 revenue transfer to cities; \$73,342,819 revenue transfer to counties, and \$6 million revenue transfer to the Travel Information Council.

In addition to the new revenue generated through the above mentioned actions, and included in this budget by the Subcommittee, the JTA authorized the issuance of \$100 million in lottery bonds for *ConnectOregon* III, and the issuance of \$840 million in Highway User Tax Bonds for a list of specific projects included within House Bill 2001. Finally, several revenue adjustments were made through Package 801: LFO Analyst Technical Changes and are discussed in each of the program units affected.

Summary of Transportation and Economic Development 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 reviewed the department's budget division by division and approved \$4,136.8 million total funds and 4,636 positions (4,538.08 FTE). A \$1 placeholder for Capital Construction projects relating to co-locating ODOT maintenance stations with county and/or city facilities for consolidation and efficiency purposes is included in this budget. The Subcommittee approved a budget that is a \$576 million increase or 16.2 percent over the 2007-09 Legislatively Approved Budget (an increase of \$541 million or 15.1 percent over the 2009-11 Essential Budget Level). General Fund support is eliminated as a result of the passage of House Bill 2001 which increased the fees for customized vehicle registration plates that are dedicated to the passenger rail program.

The budget supports \$50 million of the \$100 million in lottery-backed revenue bonds and \$97.8 million Lottery Funds for related debt service costs to continue *ConnectOregon* projects. 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 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; Driver and Motor Vehicle Services; Motor Carrier Transportation; Transportation Program Development; Public Transit; Rail; Transportation Safety; Debt Service; Central Services; Oregon Transportation Infrastructure Bank; and Capital Improvements.

Highway

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

Highway – Maintenance 100-20

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 the following packages:

Package 140: Truck Weigh Station Scale Deferred Maintenance transfers \$2,000,000 Other Funds from Services and Supplies to the Motor Carrier Transportation Division (MCTD) program unit to provide MCTD with the resources necessary to address deferred maintenance issues at Oregon's weigh stations. This program once existed in the 14 ODOT highway districts and was covered in the operations budget of each district. The program was then transferred to the Driver and Motor Vehicles Division (DMV) in the early 1990s. Then, in 1996 the program was transferred to MCTD; however, no budget for major or routine maintenance of the scales, weigh station buildings, truck inspection buildings, entry/exit ramps, and parking lots was transferred to MCTD. This package provides MCTD with a budget for the deferred maintenance of those facilities.

Package 502: Jobs and Transportation Act of 2009 adds \$13,618,424 Other Funds for the purposes of implementing House Bill 2001 for maintenance, preservation, and safety projects.

Package 801: LFO Analyst Technical Changes transfers a total of \$4,629,838 in Services and Supplies to two different divisions to align expenditure limitation in the proper budget units. This package transfers \$3 million to Highway Operations to move the funding for the maintenance of Traffic and Intelligent Transportation System (ITS) devices to the same program that funds the construction of new devices; and \$1,629,838 will be transferred to Central Services for State Government Service Charge (SGSC) expenditures. Finally, the beginning balance was reduced by \$1,005,165 to reflect the revised 2007-09 transportation revenue forecast.

Highway – Preservation 100-25

Part of the Highway program, preservation projects add useful life to a road without increasing its capacity, primarily through pavement resurfacing. ODOT has adopted a pavement preservation program designed to keep highways in the best condition at the lowest lifecycle cost. The program focuses on taking preventive measures to add useful life to a road before the pavement reaches poor condition.

The Subcommittee approved the following packages:

Package 110: Graduate Eng. & Tech. Staffing (One Deep) shifts \$141,253 Other Funds from Services and Supplies to Personal Services in order to add one position (0.87 FTE). The position addresses the need to sustain core technical competency within the Highway Division, and the need to establish and grow a pool of technically proficient early career employees to assume progressively responsible technical assignments as they develop. Early in 2007, the Highway Division began a review of its project delivery system. A key finding of the review was that the Highway

Division is “one deep” in many of its core technical disciplines and that there are not sufficient numbers of staff available to replace the “one deep” positions should they become vacant. This package makes a strategic investment in employee recruitment and retention.

Package 502: Jobs and Transportation Act of 2009 adds \$35 million Other Funds for the purposes of implementing House Bill 2001, as discussed in the Highway-Maintenance narrative on page 4. This expenditure limitation allocates 58.1 percent of the estimated \$60.3 million revenue available.

Highway – Bridge 100-30

This program preserves the more than 2,600 bridges and other highway related structures on the state highway system. Using a bridge management system and biennial inspections, the agency develops programs for bridge maintenance, major rehabilitation, and replacements. Identified projects are made part of the Statewide Transportation Improvement Plan (STIP).

Package 110: Graduate Eng. & Tech. Staffing (One Deep) was approved, which shifts \$634,739 Other Funds from Services and Supplies to Personal Services in order to add five permanent positions (4.37 FTE). The positions address the need to sustain core technical competency within the Highway Division, and the need to establish and grow a pool of technically proficient early career employees to assume progressively responsible technical assignments as they develop. This package is discussed in greater detail in the Preservation program.

Highway Safety – 100-35

The Highway Safety Program is responsible for identifying all fatal and serious crash sites around the state and recommending cost-effective mitigation strategies. Solutions range from installing signal lights and building left turn lanes, to closing accesses to highways, fixing guardrails, and installing breakaway sign posts.

The Subcommittee approved Package 502: Jobs and Transportation Act of 2009, which adds \$10 million Other Funds for the purposes of implementing House Bill 2001 as discussed in the Highway-Maintenance narrative on page 4.

Highway Operations – 100-40

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 the following packages:

Package 110: Graduate Eng. & Tech. Staffing (One Deep) shifts \$815,881 Other Funds from Services and Supplies to Personal Services in order to add seven permanent positions (6.12 FTE). The positions address the need to sustain core technical competency within the Highway Division, and the need to establish and grow a pool of technically proficient early career employees to assume progressively responsible technical assignments as they develop. This package is discussed in greater detail in the Preservation program.

Package 801: LFO Analyst Technical Changes adds \$3,000,000 Other Funds (which was transferred from Maintenance). This moves the funding for the maintenance of Traffic and ITS devices to the same program that funds the construction of new devices.

Highway – Modernization 100-45

Modernization projects add capacity to the highway system by adding lanes, widening bridges, rebuilding roads with major alignment improvements or major widening, building new road alignments, or constructing new facilities such as by-passes. These projects improve safety, relieve congestion, and allow more efficient movement of people and goods across the state. ORS 366.507 requires ODOT to dedicate approximately \$51 to \$54 million per year for highway modernization work. The Modernization program also administers the Immediate Opportunity Fund (IOF) program in partnership with the Oregon Economic and Community Development Department.

The Subcommittee approved the following packages:

Package 110: Graduate Eng. & Tech. Staffing (One Deep) shifts \$276,913 Other Funds from Services and Supplies to Personal Services in order to add two permanent positions (1.75 FTE). The positions address the need to sustain core technical competency within the Highway Division, and the need to establish and grow a pool of technically proficient early career employees to assume progressively responsible technical assignments as they develop. This package is discussed in greater detail in the Preservation program.

Package 502: Jobs and Transportation Act of 2009 adds \$60,113,732 million Other Funds for the purposes of implementing House Bill 2001 which requires that 32 percent of the state highway allocation of new revenue be directed to maintenance, preservation, and safety.

Highway – Special Programs 100-55

Activity areas within this unit include salmon/watershed work, environmental services, bicycle and pedestrian access, winter recreation parking, snowmobile facilities, and surplus property. The program unit's budget also captures certain administrative and indirect costs. These include Traffic Engineering and Operations, Traffic Systems Services Unit, System/Asset Management, Administration of the Highway division, and certain non-job related time, including union contract negotiations and clerical support for the administrative activities.

The Subcommittee approved the following packages:

Package 110: Graduate Eng. & Tech. Staffing (One Deep) shifts \$1,309,101 Other Funds from Services and Supplies to Personal Services in order to add ten positions (8.75 FTE). The positions address the need to sustain core technical competency within the Highway Division, and the need to establish and grow a pool of technically proficient early career employees to assume progressively responsible technical assignments as they develop. This package is discussed in greater detail in the Preservation program.

Package 502: Jobs and Transportation Act of 2009 adds \$705,000 Other Funds for the purposes of implementing House Bill 2001 which is discussed in the Highway-Maintenance narrative on page 4. This expenditure limitation is related to safety projects and allocates 1.1 percent of the estimated \$60.3 million revenue available.

The Subcommittee approved the following budget note:

Budget Note

The Department of Transportation shall provide members of the legislative interim transportation committees of the House and Senate and the Joint Committee on Ways and Means or Emergency Board a plan, schedule and timeline for the completion of each of the projects identified in Section 64 of House Bill 2001 B passed during the 2009 legislative session. The plan shall include, at a minimum, an estimate of the total cost of each project and a funding plan necessary to complete each project. The plan shall be provided no later than October 1, 2009.

The Department of Transportation shall also provide a detailed status report on each of the transportation projects listed in Section 64 of House Bill 2001 B. For each project listed, the department shall provide a complete description of the project, the intended benefit of the project, an estimated date for inviting bids, an estimated contract cost, actual contract cost, an estimated completion date, any change in the estimated completion date, and any change in the actual contract cost. The status report shall list steps taken to move the project toward completion, including but not limited to right-of-way acquisitions, engineering, permitting, and securing federal funds. The report shall be provided quarterly following acceptance of the work plan, noted above, by the legislative transportation committees.

Package 801: LFO Analyst Technical Changes transfers \$191,381 Other Funds in Services and Supplies to Central Services for SGSC expenditures; transfers \$177,903 Other Funds in Personal Services and one position (1.00 FTE) to Central Services; and adds \$1.9 million Other Funds for a grant to be received by the Oregon Department of Energy for continued work on the Solar Highway program. Finally, the following revenue adjustments were made: the construction beginning balance was increased by \$129,481,014 Other Funds based on the revised 2009 forecast for bond sales related to OTIA III; the following Other Fund Intrafund transfers were increased in the following program units: \$100,169,691 from the Motor Carrier Transportation program unit, \$42,759,233 from the Central Services program unit, and \$147,547,140 from Driver and Motor Vehicle Services program unit.

Package 810: JTA 2009 – Urban Trails Program adds \$1 million for the Urban Trails Grant Program authorized under House Bill 2001. The initial revenue source for the program comes from the Snowmobile Account within ODOT.

Highway – Local Government 100-65

ODOT is responsible for administering all Federal Funds supporting highway construction in Oregon. All local expenditures related to federal highway programs are included in ODOT's budget. About 25 percent of the Federal Funds that come to Oregon are shared with local partners.

Package 502: Jobs and Transportation Act of 2009 was approved, which adds \$280,200 Other Funds to implement provisions of House Bill 2001 related to *ConnectOregon* III.

Driver and Motor Vehicles Svcs – 200

Driver and Motor Vehicles Services (DMV) mission is to promote driver safety, protect financial and ownership interests in vehicles, and collect revenue for Oregon's roads. DMV manages driver and vehicle programs. Driver programs include licensing drivers; verifying identification; testing driver skills, knowledge, and vision; and maintaining driver records. The vehicle program is responsible for registering and titling all vehicles in Oregon. DMV also issues trip permits for unregistered vehicles moving through the state and regulates vehicle-related businesses in the state. Driver fees support driver programs and vehicle fees go to the Oregon Highway Fund.

The Subcommittee approved the following packages:

Package 210: Aging Infrastructure – DMV adds \$839,666 Other Funds to provide resources to support DMV's replacement of its aging microfilm equipment with a digital imaging system, and conduct an evaluation of its current information system to determine the viability of a systems replacement project.

Package 230: Federal and State Mandates – DMV adds \$314,141 Other Funds to provide DMV with funding to continue implementation relating to meeting state mandates for facial recognition standards from Senate Bill 640 (2005) and federal mandates for commercial driver licensing.

Package 240: Position Transfers from Other State Agencies adds \$456,224 Other Funds and four permanent positions (3.50 FTE). One half-time position will allow DMV to conduct medical case reviews that were previously handled by the Department of Human Services and three full-time positions will perform case management work for DMV hearings that was previously handled by the Office of Administrative Hearings within the Employment Department. The package also reduces \$73,909 Other Funds for a special payment to DHS that paid for medical case reviews.

Package 260: Drivers License Security adds \$435,851 Other Funds to continue the ongoing administration of the legal presence standard currently required for Oregon Driver License (ODL) and Identification (ID) cards.

Package 502: Jobs and Transportation Act of 2009 adds \$1,020,600 Other Funds to implement provisions of House Bill 2001 related to vehicle title and registration fee increases, ID card fee increases, and the merchant fees on bank card transactions. One time costs of \$308,300 Other Funds should be phased out in the 2009-11 biennium.

Package 801: LFO Analyst Technical Changes transfers \$452,284 Other Funds in Services and Supplies to Central Services for SGSC expenditures and adds \$1,599,293 Federal Funds for a federal grant that was awarded to ODOT for the Commercial Driver License Information System (CDLIS). The Federal Funds expenditure limitation is a one-time increase and should be phased out in the 2011-13 budget.

Motor Carrier Transportation – 300

The mission of the Motor Carrier Transportation Division (MCTD) is to promote a safe, efficient, and responsible commercial transportation industry. MCTD registers commercial vehicles for more than 24,000 trucking companies that have 350,000 trucks registered to operate in Oregon. Other program responsibilities include commercial vehicle and driver safety inspections, over-dimension permit issuance, size and weight enforcement, and highway-use tax collection. MCTD uses intelligent transportation systems to weigh trucks in motion and automatically identify them as they approach Oregon's busiest weigh stations. This pre-clearance system allows weigh stations to signal a truck to proceed without stopping if it successfully passes a computer check of size, weight, height, registration and account status, and safety records.

The Subcommittee approved the following packages:

Package 140: Truck Weigh Station Scale Deferred Maintenance adds \$2,000,000 Other Funds (transferred in from Highway Maintenance) to address deferred maintenance issues at Oregon's weigh stations. This program once existed in the 14 ODOT highway districts and was covered in the operations budget of each district. The program was then transferred to DMV in the early 1990s. Then, in 1996 the program was transferred to

MCTD; however, no budget for major or routine maintenance of the scales, weigh station buildings, truck inspection buildings, entry/exit ramps, and parking lots was transferred to MCTD. This package provides MCTD with a budget for the deferred maintenance of those facilities.

Package 801: LFO Analyst Technical Changes transfers \$52,390 Other Funds in Services and Supplies to Central Services for SGSC expenditures, and reduces Federal Funds revenue by \$10,098 resulting from technical adjustments made to PERS and Flexible Benefits.

Transportation Program Dev – 400-10

Transportation Program Development plans and coordinates the future use of transportation resources among state, federal, and local agencies to design and operate an efficient transportation system.

The Subcommittee approved the following packages:

Package 402: *ConnectOregon III* implements provisions of House Bill 2001 which authorized the sale of \$100 million in lottery bonds for *ConnectOregon III*. The package adds \$26,515,449 Other Funds for: the costs of issuance related to the sale of the bonds (\$2.3 million); and the distribution of bond proceeds anticipated during the biennium (\$24.2 million).

Package 502: Jobs and Transportation Act of 2009 adds \$31,763,800 Other Funds (\$5.9 million for consultant related work and \$26 million for distribution to counties for Metropolitan Planning Organization (MPO) work) to fund projects to implement provisions of House Bill 2001 that require task forces and studies. Following is some of the work and/or studies to be conducted by the Oregon Transportation Commission (OTC) along with local governments, planning organizations and stakeholders:

- Develop congestion pricing pilot programs in the Portland area,
- Conduct an Efficient Fee Study,
- Develop a least-cost planning model for decision making,
- Conduct a study to look at improving the safety of at least one county road that is used to carry hazardous materials; and
- Provide direction for interim legislative committees on transportation to review state and local responsibilities for state highway system resources available at each level of government of the state highway allocation of new revenue to be spent on maintenance, preservation, and safety.

The following are one-time costs and are to be phased out for the 2011-13 biennium:

- Least Cost Planning Support - \$1,235,525 (Federal as OF)
- Connect Oregon Support - \$500,000
- Green House Gas –Vehicle Miles Traveled Reduction Data - \$1,079,900 (Federal as OF)
- Green House Gas –Vehicle Miles Traveled Reduction Rule - \$341,280 (Federal as OF)
- Green House Gas –Vehicle Miles Traveled Lane Council Of Governments - \$875,000 (Federal as OF)
- Green House Gas –Vehicle Miles Traveled Land Conservation and Development Commission - \$313,000 (Federal as OF)
- Metro Support MPO Study - \$750,000 (Federal as OF)
- STIP Stakeholder Support - \$150,000 (Highway Trust Fund)

- Distribution to Counties for Program Enhancement - \$25,769,800 (Federal as OF)
- Efficient Fee Study, modeling, safety studies - \$750,000 (Highway Trust Fund)

Package 801: LFO Analyst Technical Changes transfers \$6,729 Other Funds in services and supplies to Central Services for SGSC expenditures and reduces \$9,246,496 Other Funds for expenditures related to *ConnectOregon* I and II. Finally, the packages makes the following revenue related adjustments: reduces Federal Funds revenue by \$2,589 resulting from technical adjustments made to PERS and Flexible Benefits; reduces a duplication of 2007-09 Lottery Bond revenues for projects in 2009-11 by \$95,339,800 Other Funds; and adjusts the Other Funds beginning balance by \$4,660,300 to reflect the revised 2007-09 transportation revenue forecast.

Public Transit – 400-11

The Public Transit Division encourages public transportation, ridesharing, walking, bicycling, telecommuting, and other alternatives to driving alone, in areas of the state most affected by congestion and air quality problems. The division gives financial and technical help to local transit providers, helps develop new services, develops and coordinates planning, and promotes transportation demand management.

The Subcommittee approved the following packages:

Package 502: Jobs and Transportation Act of 2009 adds \$11,407,654 Other Funds to implement provisions of House Bill 2001 related to the shift of federal transportation revenue (\$10 million) from the Highway Division to the Public Transit Division which is allowed for non-highway projects; and the increase (\$1.4 million) for the issuance, renewal, or replacement of Oregon ID cards for the Elderly and Disabled Transportation program.

Package 801: LFO Analyst Technical Changes transfers \$2,118 Other Funds in services and supplies to Central Services for SGSC expenditures and adds \$3,511,429 Federal Funds to reflect a revision in the amount to be received from the Federal Transit Administration for the Rural Formula Program. Finally, the package makes the following revenue adjustments: a reduction of \$33,755 Federal Funds resulting from technical adjustments made to PERS and Flexible Benefits; a reduction of \$20 million Other Funds as a result of reducing lottery bond proceeds that were issued in 2007-09 and no longer needed in 2009-11; and adjusting the Other Funds beginning balance to reflect the revised 2007-09 transportation revenue forecast.

Rail – 400-12

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 the following packages:

Package 502: Jobs and Transportation Act of 2009 implements the provisions of House Bill 2001 that direct the increase in custom plate fees to the Rail Division in place of the General Fund support currently used. The package reduces General Fund by \$4,630,845 and adds \$4,630,845 Other Funds (from custom plate fees).

Package 801: LFO Analyst Technical Changes transfers \$3,680 Other Funds in Services and Supplies to Central Services for SGSC expenditures and adds \$253,442,964 Other Funds for:

- Rail, Planning, Projects and Operations to carry over payments for work that was obligated in 2007-09, but will not pay until 2009-11, for projects for Union Pacific (\$300,000); Rail Spur 04B (\$200,000); and Rail Spur 05A (\$1.5 million); and
- Tri-Met Light Rail project carry-over of bond proceeds (\$251,442,964). The Other Funds beginning balance was also adjusted by the amount to reflect the carry over on the revenue side.

Transportation Safety – 400-13

The Transportation Safety Division (TSD) organizes, plans, and conducts a statewide transportation safety program. The program advocates safety through education, enforcement, emergency medical services, and engineering. Major efforts focus on occupant protection, drunk and drugged driving protection, speeding, youthful drivers, pedestrians, bicyclists, motorcyclists, and employers.

The Subcommittee approved the following package:

Package 801: LFO Analyst Technical Changes transfers \$8,398 Other Funds in Services and Supplies to Central Services for SGSC expenditures. The package also makes the following revenue adjustments: a reduction of \$20,197 Federal Funds resulting from technical adjustments made to PERS and Flexible Benefits, and an adjustment to the Other Funds beginning balance by reducing \$292,133 to reflect the revised 2007-09 transportation revenue forecast.

Debt Service – 500

The Debt Service program consists of principal and interest payments related to department's debt and loan activities.

The Subcommittee approved the following packages:

Package 402: *ConnectOregon III* implements provisions of House Bill 2001 which authorized the sale of \$100 million in lottery bonds for *ConnectOregon III*. The package adds \$5,005,778 Lottery Funds for debt service associated with the issuance of \$100 million *ConnectOregon III* lottery bonds. The package also adds \$2,295,649 Other Funds for costs of issuance associated with the sale of lottery bonds.

Package 480: OWIN provides debt service funding for the sale of \$74,500,000 in revenue bonds for ODOT's work associated with the Oregon Wireless Interoperability Network (OWIN) project. The \$74.5 million will cover ODOT's project costs for replacing its current wireless communication system in order to comply with a Federal Communications Commission (FCC) mandate requiring all Land Mobile Radio systems complete a transition from broadband to narrowband by January 1, 2013. The package adds \$7,715,125 Other Funds for debt services on the revenue bonds.

Package 801: LFO Analyst Technical Changes reduces the Other Funds beginning balance by \$21,689,147 to reflect the revised 2007-09 transportation revenue forecast.

Central Services – 700

Central Services provides centralized administrative, support, and managerial services to the agency's operating divisions. These services include internal and external communications, information systems, financial services, human resources, business services, and internal audit. The Director's office is also a part of Central Services.

The Subcommittee approved the following packages:

Package 210: Aging Infrastructure – DMV adds \$334,192 Other Funds to provides resources to support DMV's replacement of its aging microfilm equipment with a digital imaging system, and conduct an evaluation of its current information system to determine the viability of a systems replacement project.

Package 260: Drivers License Security adds \$301,192 Other Funds to continue the ongoing administration of the legal presence standard currently required for Oregon Driver License (ODL) and Identification (ID) cards.

Package 476: Mill Creek Parking Lot adds \$87,000 Other Funds to provide the resources necessary to make improvements in lighting, security, and landscaping in the Mill Creek Office Building parking lot.

Package 480: OWIN provides limitation for the cost of issuance and distribution of proceeds from the sale of \$74,500,000 in revenue bonds for ODOT's work associated with the OWIN project. The \$74.5 million will cover ODOT's project costs for replacing its current wireless communication system in order to comply with a Federal Communications Commission (FCC) mandate requiring all Land Mobile Radio systems complete a transition from broadband to narrowband by January 1, 2013. As approved, the package adds \$76 million Other Funds for costs of issuance (\$1.5 million) and special payments to disburse the bond proceeds (\$74.5 million).

Package 502: Jobs and Transportation Act of 2009 adds \$950,575 Other Funds to implement provisions of House Bill 2001 related to implementing changes to economic models used to determine the revenue to be distributed to cities and counties; increasing procurements associated with pilot programs and initiative development; providing fuel tax refunds and forms; and conducting the Efficient Fee Study.

Package 801: LFO Analyst Technical Changes adds \$177,903 Other Funds in Personal Services and one position (1.00 FTE) which was transferred in from Highway Special Programs, a technical adjustment in Personal Services adding \$167,561, and a transfer from \$6,308,991 Other Funds in Services and Supplies for:

- SGSC expenditures (\$2,308,991 transferred in from various program units); and
- Emerging Small Business contract work (\$4 million).

The package also adjusts the Other Funds beginning balance by \$921,760 to reflect the revised 2007-09 transportation revenue forecast.

The committee approved the following budget note:

Budget Note

The Department of Transportation updates its revenue forecasts every six months to facilitate financial planning and formulate transportation budgets in support of decision making activities. Some of the associated forecasts that emanate from the revenue forecasting framework that are developed for needs elsewhere in ODOT, as well as other stakeholders include:

- "DMV transactions forecasts for Field Operations planning
- "Non-highway related revenues (TOF) and revenue transfers to the Public Transit Division
- "Net revenue and debt service (OTIA) forecasts for the cash flow forecasting needs of the Highway Division
- "Forecasts to drive the cash balance outlook for the State Treasurer's Office
- "Custom revenue forecasts for resource planning for Program and Funding Services in the Highway Division
- "Use of the revenue forecasting model to simulate the transaction and revenue impacts of Legislative proposals
- "County/city Apportionment forecasts
- "Long run financial forecasts (typically extend beyond the customary forecast intervals of the State Economic Forecast)
- "Statewide VMT forecasts - both short-run and long-run (for planning)
- "Custom regional forecasts, e.g. revenues generated at a Region 1 sub-level
- "Aviation fuel revenue forecasting
- "Recreational vehicles revenue forecasts for transfers to the State Parks and Recreation Department
- "Links with ODOT Budget Services for ARB and other budget matters
- "Commercial marine fuel revenue transfer forecasts for the State Marine Board
- "Feeds from the revenue forecast model to partially support the Highway Cost Allocation Studies (HCAS)

In order to insure that the revenue forecasting activities performed by the Department of Transportation are objectively meeting the needs of decision makers, the Office of Economic Analysis, in the Department of Administrative Services, is directed to review timeliness, objectivity, and methodologies for completion of tasks used by the Department in performing its revenue forecasting duties and report to the interim Joint Committee on Ways and Means or Emergency Board by no later than December 2010 including any recommendations for modifications and improvements.

Capital Construction - 089

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. The Subcommittee recommended a \$1 placeholder for Package 130, which would identify Capital Construction projects relating to co-locating ODOT maintenance stations with local governments (county and/or city) facilities for consolidation and efficiency purposes.

Summary of Performance Measure Action

See attached Legislatively Adopted 2009-11 Key Performance Measures form.