



Oregon

Kate Brown, Governor

Department of Transportation

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TO: House Committee on Transportation and Economic Development

FROM: Chris Cummings
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SUBJECT: HB 2464—*ConnectOregon VI*

INTRODUCTION

House Bill 2464 continues the integration and investment in Oregon's multimodal transportation system by creating jobs and furthering economic development in Oregon. HB 2464 (*ConnectOregon VI*) builds on the success of the preceding *ConnectOregon* programs by continuing to improve the efficiency, connectivity and utilization of Oregon's non-highway transportation system.

BACKGROUND

ConnectOregon is a lottery-backed bond initiative that invests in air, rail, marine, transit and bicycle/pedestrian infrastructure to promote economic development in Oregon. Public and private investments in transportation infrastructure spur economic growth and assist with creating and retaining jobs by facilitating the movement of goods and people with a safe and efficient transportation system.

The 2005 Legislature created the *ConnectOregon* program and approved \$100 million of state lottery bond proceeds to fund it. The legislature approved additional \$100 million bond authorizations in 2007 and 2009, \$40 million in 2011 and \$42 million in 2013. For the \$382 million available through *ConnectOregon*, the state received a total of 528 project applications requesting approximately \$915 million in grants and loans, leading to a total of 240 funded projects. Grant recipients must provide a minimum of 20% matching funds. The investments made through the *ConnectOregon* program have leveraged approximately \$605 million of private investments as well as investments from other public sources.

As of March 2015, ninety-four percent of *ConnectOregon I, II, III, and IV* projects were complete. The Oregon Transportation Commission (OTC) awarded *ConnectOregon V* funding to 40 projects in August 2014 and March 2015. Four *ConnectOregon V* projects have been started while the remaining projects are in design.

Together, the five phases of the *ConnectOregon* program are improving connections between all modes of transportation for workers and freight, better integrating the components of the transportation system, improving the flow of commerce, providing access for workers and creating economic benefits for Oregon's business.

WHAT THE BILL DOES

HB 2464 authorizes the issuance of lottery-backed bonds for investment in non-highway transportation infrastructure statewide, including rail, marine, aviation, transit, and bicycle/pedestrian during the 2015-17 biennium.

As in past *ConnectOregon* programs, *ConnectOregon VI* applicants will submit project proposals that demonstrate transportation and economic benefits, connectivity, project readiness, and the required match money. Modal and regional (ACTs) committees will review and prioritize projects based on benefits provided by each to Oregon's businesses and transportation system with an emphasis on looking at the modal benefits from a statewide perspective. Each of the five geographic regions is guaranteed a minimum 10 percent of the funding.

GOVERNOR'S RECOMMENDED BUDGET

The Governor's Recommended Budget proposes to fund *ConnectOregon VI* at \$58.6 million for the 2015-17 biennium.

2013 BUDGET NOTE

ConnectOregon standards provided for in a Budget Note to HB 5008 (2013) have been addressed through Oregon Administrative Rule (OAR 731-035-0080 Project Administration) and recipient agreement language. All recipients that have received *ConnectOregon V* funds will have 5% retainage withheld until such time as project completion and reporting are attained. ODOT has implemented internal controls to ensure that the terms of the budget note are satisfied. As no *ConnectOregon V* projects have yet been completed, no recipient reporting data is available.

SUMMARY

ODOT supports HB 2464. The bill will allow for an additional round of *ConnectOregon* projects. The *ConnectOregon* program provides grants and loans for non-highway transportation projects across the state, resulting in improved infrastructure that supports economic growth and connectivity for Oregonians. *ConnectOregon* has proven to be a valuable and successful program that is good for Oregon's economy and for all Oregonians.