

## Analysis

### Item 35: Department of Transportation

#### Other Funds Rebalance

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**Analyst:** Gregory Jolivette

**Request:** Transfer \$10,000,000 Other Funds expenditure limitation from the Bridge Program to the Local Government Program, and transfer \$25,000,000 from the Bridge Program to the Modernization Program.

**Analysis:** The legislatively adopted budget for the Oregon Department of Transportation's (ODOT) highway construction programs is based on a forecast of cash payouts for transportation projects funded in the biennium. When those projects progress more quickly or more slowly than assumed in the budget, it can result in a net need for more or less expenditure limitation than authorized by the Legislature. A rebalance allows the Department, with legislative approval, to adjust its limitation to reflect actual spending trends.

As shown in the figure below, ODOT is proposing to transfer Other Funds expenditure limitation from the Bridge Program to the Local Government and Modernization programs. According to ODOT, projects included in the Bridge limitation are spending at a slower rate than assumed when the budget was developed, while the projects included in the Local Government and Modernization limitations are spending at a faster rate.

<b>ODOT Rebalance Proposal</b>	
<b><u>Programs</u></b>	<b><u>Other Funds \$ in millions</u></b>
Bridge	(35.00)
Local Government	10.00
Modernization	25.00
<b>Net Chg. from 19-21 Leg Approved</b>	<b>0.0</b>

The Bridge Program is responsible for management of more than 2,700 highway bridges, overcrossings, railroad undercrossings, tunnels, culverts, and other structural elements. The Local Government Program works with local agencies to deliver projects involving multiple partners, including the local agencies, state agencies, the Federal Highway Administration, and various stakeholders. The Modernization Program aims to deliver projects that enhance or expand the transportation system to facilitate economic development, reduce congestion, and improve safety.

**Legislative Fiscal Office Recommendation:** The Legislative Fiscal Office recommends that the Emergency Board transfer \$10,000,000 Other Funds expenditure limitation from the Bridge Program to the Local Government program and transfer \$25,000,000 Other Funds expenditure limitation from the Bridge program to the Modernization program.

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Oregon Department of Transportation  
Pearson

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**Request:** Transfer \$35.0 million Other Funds expenditure limitation from the Bridge program to the Modernization and Special Programs for updated project payout timelines.

**Recommendation:** Approve the Request.

**Discussion:** The Oregon Department of Transportation (ODOT) is requesting the transfer of \$35.0 million Other Funds expenditure limitation among programs to align its budget with the revised timelines for project payouts. This request has no impact on the total amount budgeted for the agency. Each month, ODOT assesses its project status across its programs to determine which projects are moving more quickly or more slowly than budgeted. These reviews suggest three programs, Modernization, Special Programs and Bridge, require adjustments to their Other Funds expenditure limitation. Two programs need increases and the third can reduce its Other Funds expenditure limitation.

The two programs needing increases are Modernization and Special Programs. Modernization has three projects, totaling \$25.0 million, which are making faster progress than originally expected. The projects are located on US 97 and in Eugene-Springfield and Troutdale. Special Programs needs \$10.0 million Other Funds expenditure limitation to help cover 42 projects added after 2019-21 budget development. Increasing the expenditure limitation for these two programs will allow the Department to continue progressing toward completion.

The Bridge program is spending at a slower pace than expected, and can transfer \$35.0 million of Other Funds expenditure limitation to assist Modernization and Special Programs. The bridge projects experiencing some delays are on US 101, US 197, and OR 18.

**Legal Reference:** Transfer of \$35,000,000 Other Funds limitation made by chapter 614, section 2, Oregon Laws 2019, for the 2019-21 biennium as follows:

<u>Subsection</u>	<u>Amount</u>
(6) Modernization	+\$25,000,000
(7) Special Programs	+\$10,000,000
(4) Bridge	-\$35,000,000



# Oregon

Kate Brown, Governor

## Department of Transportation

Office of the Director  
355 Capitol St NE  
Salem, OR 97301

November 4, 2020

The Honorable Senator Peter Courtney, Co-Chair  
The Honorable Representative Tina Kotek, Co-Chair  
State Emergency Board  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301-4048

Dear Co-Chairpersons:

### **Nature of this Request**

The Oregon Department of Transportation (ODOT), Delivery and Operations Division requests a rebalance for the 2019 – 2021 Other Funds biennial budget. The request is for an increase to the Modernization program limitation in the amount of \$25,000,000, an increase to the Local Government program limitation in the amount of \$10,000,000 and a decrease to the Bridge program limitation in the amount of \$35,000,000 resulting in a net zero impact to ODOT's 2019 – 2021 biennial budget. All programs are part of the Delivery and Operations construction program.

### **Background**

The Delivery & Operations Division reviews project expenditures as well as the anticipated payout scheduled for the remainder of the biennium on a monthly basis. The result of the prior two construction seasons is resulting in the agency requesting adjustments to three of our construction limitations.

The items below outline the requested changes.

- Modernization - \$25,000,000 for increased project payout. The projects within the Modernization limitation are spending out at an accelerated rate over what was anticipated during the initial budget development. In particular, the OR569: Beltline at Delta Highway interchange, US97: Passing Lanes and NE Graham Dr & NE Swigert Way (Troutdale) projects have impacted the accelerated spending in the Modernization limitation. This increase will allow Modernization projects to proceed as currently scheduled.
- Local - \$10,000,000 for increased project payout. The projects within the Local limitation have increased over what was anticipated during the initial budget development. In particular, 42 projects totaling \$47,500,000 have been added to the Local limitation since the initial budget development and as a result is impacting the accelerated spending in the Local limitation. This increase will allow Local projects to proceed as currently scheduled.
- Bridge - \$35,000,000 for decreased project payout. The projects within the Bridge limitation are spending out at a slower rate than what was anticipated during the initial budget development. In particular, the US101: Columbia River Deck Truss Paint, US197: The Dalles Bridge and OR18: South Yamhill River Bridge projects have all been delayed and impact the spending planned in the Bridge limitation. This decrease will still allow Bridge projects to be fully funded and proceed as currently scheduled.

### **Action Requested**

Rebalance the Delivery and Operations limitations by increasing the Modernization program Other Funds limitation

by \$25,000,000; increasing the Local Government program Other Funds limitation by \$10,000,000 and decreasing the Bridge program limitation by \$35,000,000.

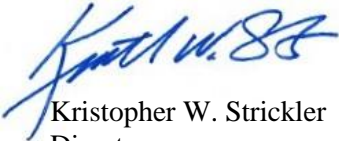
**Legislation Affected**

Increase the Other Funds expenditure limitation established by Chapter 614 Section 2(6), Oregon Laws 2019, for Modernization program, by \$25,000,000 for the 2019 – 2021 biennium.

Increase the Other Funds expenditure limitation established by Chapter 614 Section 2(8), Oregon Laws 2019, for Local program, by \$10,000,000 for the 2019 – 2021 biennium.

Decrease the Other Funds expenditure limitation established by Chapter 614 Section 2(4), Oregon Laws 2019, for Bridge program, by \$35,000,000 for the 2019 – 2021 biennium.

Sincerely,



Kristopher W. Strickler  
Director