

OREGON TRANSPORTATION COMMISSION

**Minutes of the Regular Monthly Meeting
January 24-25, 2007
Salem**

On Wednesday, January 24, at 8:00 a.m., the OTC and Oregon Department of Transportation staff held a briefing session and reviewed the agenda in room 135 of the Transportation Building, 355 Capitol Street NE, Salem. The regular monthly meeting began at 9:40 a.m. in Conference Room 122.

On Thursday, January 25, at 9:00 a.m., a workshop the OTC, ODOT staff and representatives from Metro held a workshop. The Commission received an update on the Metro 2035 Regional Transportation Plan.

Notice of these meetings was made by press release of local and statewide media circulation throughout the state. Those attending part or all of the meetings included:

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| Chair Stuart Foster | Communications Administrator Patrick Cooney |
| Commissioner Gail Achterman | Trans. Development Administrator Jerri Bohard |
| Commissioner Randy Papé | Region 1 Manager Jason Tell |
| Commissioner Janice Wilson | Region 2 Manager Jeff Scheick |
| Director Matthew Garrett | Interim Region 3 Manager John Vial |
| Chief of Staff Joan Plank | Region 5 Manager Monte Grove |
| Deputy Director for Highways Doug Tindall | Commission Assistant Kim Jordan |
| Deputy Director for Central Services Mike Marsh | |

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Wednesday, January 24, 2007

Chair Foster called the meeting to order at 9:40 a.m.

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Director's report highlights:

On December 13, Hal Gard, the agency's tribal liaison, and Director Garrett attended the Ninth Annual Tribal State Government Summit in Canyonville. All nine federally recognized tribes were represented. They shared accomplishments, and challenges with the Governor and representatives from all state agencies. ODOT's relationship with the nine tribes is healthy and robust. Many tribal representatives expressed to Director Garrett their appreciation and acknowledged the many partnerships ODOT enjoys with the tribes throughout Oregon.

Director said that ODOT is working with its OTIA III State Bridge Delivery Program contractor on a unique outreach effort to inform school children about the program. As

bridge projects are moved to construction, we try to keep communities educated. This process goes a step further to connect with school kids all over Oregon. We target these outreach efforts in grade schools in the communities where projects are coming to raise the awareness of kids in fourth through eighth grade about what engineers do, as well as the bridge and transportation projects that are coming to their areas. The project presentations we give are tailored to fit each class curriculum. We include discussions on math, science, bridge design, environmental issues, processes, and landscape architecture, as well as some hands-on activities, such as mixing grout and cement, to experience the bonding strength of concrete. The agency receives benefit as well. We are in the community in a creative way providing a more involved public outreach.

Since the Legislative Session opened earlier this month, agency representatives have provided testimony to various legislative panels. We have given the agency overview to the House, Senate and Ways and Means committees. Agency representatives have given testimony regarding the Road User Fee Pilot Program, Motor Carrier safety regulations, proof of insurance, railroad compliance specialist recruitment challenges, how we need to collect certain amounts to cover the manufacturing costs of vehicle license plates, safety corridors, and state reimbursement for public, as well as private driver education efforts.



Commission member reports:

Commissioner Achterman helped to develop a presentation for and participated on a speaking panel during the transportation breakout session at the Oregon Business Summit. She has also met with a number of people about Columbia River crossing issues.

Commissioner Papé also spent time working on the Oregon Business Plan's transportation initiative. He thanked Commissioner Achterman for her role. She did an outstanding job articulating a very complex subject, the Oregon Transportation Plan. The OTP is the foundation for what ODOT does and for the Oregon Business Plan's transportation initiative. The initiative supports very actively a second *ConnectOregon* process. Beyond that it is looking at a funding source for a package to present to the Legislature which needs between \$300 million and \$350 million to support the needs identified in the OTP. Several legislators were present to hear Commissioner Achterman's talk at the breakout session, including Senate President Peter Courtney.

Commissioner Nelson was not present.

Commissioner Wilson made no report.

Chair Foster said that although he was unable to attend, he heard rave reviews about Commissioner Achterman's presentation to the people who attended the Oregon Business Summit.



Kelly Taylor and State Rail Planner Bob Melbo provided an informational report on western Oregon rail corridors. (*Background material and PowerPoint presentation in General Files, Salem.*)

Ms. Taylor reviewed current and potential uses of the rail corridors in western Oregon. The Class One Union Pacific corridor is the railroad's equivalent of an interstate. It is a through-route, meant to be high capacity and high velocity. The Class Ones control access points to their interstate. The Class One corridor handles 25 freight trains and six passenger trains a day.

The shortline corridor is similar to a frontage road or county road. It is not built to the same standards as the Class One corridor and doesn't handle the same speeds or volume. There is duplication in that both the Class One and shortline corridors run north and south. Today, there are no passenger trains on the shortline corridor. This is where the heavy freight traffic occurs.

In future discussions with the Commission, Ms. Taylor will provide information about some of the "appendages" to the shortlines. These appendages could be converted to commuter train routes.

A comprehensive study will be conducted to look at how the business models are changing and where the trains are today. If, in the next 30 years, freight tonnage doubles, and in the next 25 to 30 years, population increases by a million or more people along the Interstate 5 corridor, we need to know now and put measures in place to move people and goods more efficiently.

One area of study will be to identify where right-of-way still exists around abandoned rail lines. Retaining the shortline right-of-way is critical, because at some stage, if fuel costs become excessive, we will find intrastate use of rail may come back into play on some commodities. Each time we lose a segment of right-of-way, we lose future opportunities.

The Commission looks forward to hearing from the Rail Division on a regular basis.



The Commission considered approval of the following Consent Calendar items. (*Background material in General Files, Salem.*)

1. Approve the minutes of the December 12, 2006, Commission meeting in Portland.
2. Adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.

3. Approve the following Oregon Administrative Rule actions:

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| a. | Amendment of OAR 731-005-0450 and OAR 734-010-0230 and 0240 relating to prequalification. |
| b. | Amendment of OAR 731-005-0600 relating to receipt, opening and recording of offers. |
| c. | Repeal of OAR 735-072-0030, 0031, 0040, 0060, 0120, 0130 and 0150 relating to the driver improvement program. |
| d. | Amendment of OAR 735-090-0101 relating to implied consent hearing location. |
| e. | Amendment of OAR 734-051-0020, 0035, 0040, 0070, 0115, 0125, 0145, 0155, 0225, 0285, 0295, 0500 and 0510 relating to access management. |

4. Eliminate the designation of route "U.S. 30 Business" in Portland. If approved by the Commission, this revision will be submitted to the American Association of State Highway and Transportation Officials for approval.
5. Approve an amendment to the 2006-2009 STIP to change the Oregon 126: Poterf Creek-milepoint 40.70 (on the Florence-Eugene Highway) project from a modernization Development-STIP project to a pavement preservation construction project. The proposed amount of this request is \$1,600,000.
6. Approve a request to re-designate (renumber) Oregon Route 69 (Beltline Highway, Lane County) to Oregon Route 569.
7. Approve an amendment to the 2006-2009 STIP to remove the Interstate 5: Elkhead – Anlauf preservation project in Douglas County, releasing the construction funds in the amount of \$8,200,000 for other preservation projects.
8. Receive the summary of comments received from the public review period for the Draft 2008-2011 STIP. (This is an informational item and does not require Commission approval.)
9. Approve an increase in project authorization of \$550,940 on the U.S. 101: Lone Ranch Beach – Chetco River Bridge project in Curry County. This will change the project authorization from \$5,683,949 to \$6,234,889.
10. Approve an increase in project authorization of \$510,748 on the U.S. 101: Manzanita-Wheeler pavement preservation project in Tillamook County. This will change the project authorization from \$3,175,349 to \$3,686,097.
11. Approve a request to seek approval from the Oregon Legislature to submit the National Scenic Byway Grant applications for Fiscal Year 2007.

The amendment to Access Management Rule 734-051-0155 (1)(a) (page 19 of the rules language provided the OTC, Consent Calendar item #3) states, "Must be consistent with 1999 Oregon Highway Plan." Because the OHP has been amended

several times since it was adopted in 1999, the Commission deleted "1999" from the rule amendment.

Chair Foster declared a conflict of interest on the U.S. 101 McCullough Bridge (North Bend) Rehab property acquisition (Map No. 10B-22-21, Consent Calendar item #2).

Commissioner Achterman moved to approve all of Consent Calendar item #2, property acquisitions. The motion passed. Chair Foster abstained from the vote.

Commissioner Achterman moved to approve the remaining items on the Consent Calendar with the amendment to the Access Management rule as suggested. The motion passed unanimously.



Jeff Scheick and Northwest Area Commission on Transportation Chair Shirley Kalkhoven provided the Biennial Report of the NWACT. (*Background material in General Files, Salem.*)

Mr. Scheick noted his appreciation for former NWACT Chair Lylla Gaebel's support to the ACT, its constituents and to ODOT in being a great partner. His appreciation also extends to the new chair, Shirley Kalkhoven who has been a dynamic presence for the agency in tackling many difficult issues. The agency appreciates the continued partnership and leadership from the ACT and from the former and current chair. Mr. Scheick acknowledged and introduced the new Area 1 Manager, Larry McKinley.

NWACT Chair Shirley Kalkhoven said that this last year has in some ways been somewhat traumatic for the NWACT because of the demise of a long hoped for Seaside project. The problems that exist in the Seaside corridor still need resolution. The NWACT appreciates that some of the funds from the cancelled project were redesignated into projects in Clatsop and Tillamook counties. The remaining \$20 million went to very deserving projects like the US 20: Pioneer Mountain – Eddyville project.

This last biennium, the NWACT was successful in having one of its projects funded through the *ConnectOregon* program; a new transit center in Tillamook. As the Legislature considers a *ConnectOregon 2*, the ACT hopes there will be a little more leeway to consider some funding for really essential projects in support of the shortline railroads.

Scenic Byways projects were funded for scenic pullouts in the south part of Tillamook County, and some restoration on the historic rock wall on Neahkahn Mountain.

As a result of a substantial turnover in membership, many new people have been brought in to serve on NWACT. Attendance at meetings is high; approximately 30-35 people come to each meeting. An orientation training program is underway to get the new people up to speed as full participating members.

The people in the north coast area continue to request an Astoria Bypass, a new Youngs Bay Bridge, and improvements on Highway 30 in Astoria. If all this were to be funded, the cost would add up to a quarter of a billion dollars.

The three components of a project; funding, technical and public support, are all very important for people to understand as we move forward. Chair Kalkhoven has not heard a lot about local support – funding and otherwise – the idea seems to be that the money will come somehow. One big task over the next two years is to educate members, educate communities and the people that do the planning for this work to make sure everyone is clear about the challenges we face for funding in the future.

The Commission thanked Chair Kalkhoven for all the work she has done for the ACT and for her willingness to serve as chair. The ACT has done an outstanding job on the very complex issues it faces. The OTC could not perform its job without the assistance of the ACT. The Commission asked Chair Kalkhoven to convey its thanks to former chair Gaebel. The ACT is in very knowledgeable and dedicated hands with its new chair. The OTC's members personally appreciate the contributions Chair Kalkhoven and former Chair Gaebel have made to the State of Oregon and the Department of Transportation.



The Commission considered approval of the Interchange Area Management Plan for the Oregon 22/Sublimity Interchange. Jeff Scheick, Erik Havig and the mayors of Stayton and Sublimity, Virginia Honeywell and Gene Ditter, were present. Also present was the former Stayton Mayor Gerry Aboud. (*Background material and PowerPoint presentation in General Files, Salem.*)

The interchange project will go to construction in 2008 and will cost approximately \$18 million. The goals and objectives of this interchange area management plan were to make sure the investment will prolong the useful life of the interchange. There are existing access issues, and the IAMP will decrease the number of conflict points in accesses, as well as provide a feasible and equitable process for how we deal with those properties. We will work closely with the business owners to balance the community development interests along with the safe and efficient movement of traffic and management of the interchange.

One short-term goal for the interchange is to leave existing accesses in place, but as properties in the project area redevelop, the IAMP includes a backage road behind those properties that will move the location of the access from Cascade Highway to the backage road, with the eventual plan to have the only points of access on Sublimity Boulevard and the new backage road. Farm accesses on the east side will be consolidated and moved away from the ramp terminal.

The Cities of Stayton and Sublimity and Marion County have adopted the IAMP and incorporated it into their Transportation System Plans.

Commissioner Wilson moved to approve the IAMP for the Oregon 22/Sublimity Interchange. The motion passed unanimously.



Doug Tindall and Tom Lauer, Office of Statewide Project Delivery Manager, provided the monthly status report on the Statewide Transportation Improvement Program, Oregon Transportation Investment Acts of 2001, 2002 and 2003, and the OTIA III State Bridge Delivery Program. (*Background material in General Files, Salem.*)

The OTIA III program is on schedule. Eighty percent of the bridges needing repair or replacement are in design, construction or are complete.

For calendar year 2006, 125 projects were completed. The total Commission authorization for those projects was almost \$388 million. The final payments totaled \$374.25 million, which is about \$13 million less than the original Commission authorization (4%). However, we have yet to see the impacts of inflation and the cost escalation on those projects for which the OTC has authorized increases. About two-thirds of ODOT's projects come in under the original authorization and one-third final out above the original authorization.



Jerri Bohard and Oregon Freight Advisory Committee Chair Tom Zelenka provided the OFAC annual report. (*Background material in General Files, Salem.*)

Ms. Bohard reminded the OTC that OFAC was created in the late 1990s and was formalized by House Bill 3364 in 2001. Its purpose is to provide input to the Commission and the Director of ODOT regarding issues and policies that impact multimodal freight activities. The OFAC has been involved in the STIP process for a number of years and in *ConnectOregon*. At its March 21 meeting, the OTC will hold a workshop with a panel of freight experts.

Mr. Zelenka said the OFAC is going strong with a membership of about 60 people from around the state. More than half are from the freight industry, the remainder are public and nonprofit organizations. The committee is geographically diverse. Subcommittees include policy, projects, outreach and others.

The OFAC has been involved in a variety of activities, including three STIPs, developed criteria used in making recommendations for OTIA III, assisted in the same way for *ConnectOregon*, participated in a variety of planning efforts including the highway freight system revisions, the Oregon Transportation Plan, and various other highway project studies.

The OFAC has had a variety of discussions from a shipper perspective, looked at rail, marine, air transportation studies, and the Metro Cost of Congestion study. The committee is involved in outreach, in part because Commissioner Papé and others asked the OFAC to report to the ACTs, Metropolitan Planning Organizations, ports, and other state agencies.

OFAC's number one project is the Columbia River Crossing project. This project must stay on track and on time. Right behind that is another project that hasn't yet begun, the interface between the I-5/I-84 interchange. This must be moved forward in a major way.

The committee has been wrestling with how to do a better job of strategically prioritizing statewide projects of concern relative to the freight component. Freight needs to be included when criteria are developed for economic considerations and decisions. When OFAC was involved in the OTIA III process, it started to move in that direction with some linkage between transportation infrastructure investment and industrial lands. As *ConnectOregon* was developed, it fell short relative to really looking at whether it could make a real impact with the funds available.

The challenge of moving freight from trucks to rail is real. There must be a series of investments made to link the shipper or the Oregon consumer to the warehouse distribution center or intermodal facility to get on the shortline or mainline rail.

The OTC recognizes the challenge of integrating the OFAC's work with the ACTs and other transportation groups and issues and looks forward to working with the committee to penetrate that challenge to a further degree. Key in all of this is funding and finding diminishing resources. The OTC thanked Mr. Zelenka and the OFAC for all that it is doing to move forward and keep the focus on freight and the economy. The Commission conveyed a special thank you to Mr. Zelenka for his work on the *ConnectOregon* Consensus Committee.

The Commission recognizes the need to work diligently to make sure regional transportation plans address issues that are critical to the economy of the entire state, e.g., the Columbia River Crossing, the I-5/I-405 connection, congestion issues on I-205, the Rose Quarter I-5/I-84 connection. It is good that the business community is engaged, because the OTC and the Department of Transportation need the support and input of the business community to be able to communicate the importance of these issues that are critical to the long term health of the Portland metro area as well as this state. Anything that can be done to encourage the business community to participate is critically important, particularly right now during the Regional Transportation Plan process. If it is not in the RTP, it cannot be built.

The issues with freight rail are high on the OTC's list of critical issues. Not only are the business plans of the Class One railroads not consistent with what the needs of Oregon businesses are, for the most part, we are in no position to effectively bargain with them. However, there has been investment through the *ConnectOregon* program in the Hinkle Yard, and Union Pacific contributed an additional \$5.7 million, for which it is only

required to contribute 20 percent of the \$4.7 million ODOT dedicated to that project. These rail corridors must be preserved and relationships need to be built, as well as our expectations of the rail industry, so that in the long run, we may be much more dependent on it. If we are not, we will be bypassed.



The Commission received an informational presentation on tolling policy issues from Doug Tindall. Tolling policy is fairly complex, and will be brought before the OTC several more times. (Background information and PowerPoint presentation in General Files, Salem.)

Mr. Tindall presented an overview of a tolling study done by Cambridge Systematics for the Washington Department of Transportation to determine the feasibility of using tolls to finance highways and bridge construction and to improve congestion management. It was mandated by the Washington legislature. The study's purpose was to help the State of Washington make policy-level decisions on if, when, where, and how to toll by providing practical step-by-step tolling strategy for the state.

Tolling is not new. The earliest example was in 1795 between Philadelphia and Lancaster, Pennsylvania. The term back then was "turnpike." The term turnpike was used because travelers paid the gatekeeper and the gatekeeper turned a pike, a term for tollgate, and allowed travelers to pass. Ultimately, the Philadelphia Lancaster Turnpike failed because it did not collect enough revenue. Tolling was not used broadly again until the mid 1900s. Mr. Tindall observed that when tolling started to become prevalent in the late 1930s and 1940s, it was prior to the interstate era. States recognized that they didn't have enough money to build the transportation facilities they wanted to build. That problem went away with the Interstate Act and a significant and generous federal funding process in which the federal government paid for approximately 90 percent of the cost of construction of highways in the federal system. In Mr. Tindall's opinion, this mitigated the need to toll. In fact, existing interstate capacity cannot be tolled. However, there are some special experimental projects states can go through to get around that.

We have reached a point where we no longer have ongoing revenues to deal with the transportation problems, and people are again looking to tolling as a new way to deal with the funding of transportation facilities. Discussions about tolling will continue until significant new revenue packages are developed.

Washington draws a distinction between tolling (general collection) and pricing (targeted collection based on time of day, managing traffic, etc.). The Washington model asserts that pricing can result in a net savings to travelers. Because, when congestion is bad enough, smoothing out the traffic flow results in a lower net cost moving from point to point, when the value of time is considered. Overall, it is more cost effective, depending how much time is valued.

The Washington study noted that pricing optimizes system performance on new capacity and existing capacity. They are looking at tolling to yield enough money to support a proportion, not only of the construction, but of operations and maintenance as well.



The Commission received a report on the Milestone 0, Scoping Study Report results on the Sunrise and South Interstate 205 public-private partnership projects under the Oregon Innovative Partnerships Program. James Whitty and Oregon Transportation Investment Group representatives Nick Hann, Paul Hadenreich, and Frank Wilson presented the material. (*Background material and PowerPoint presentation in General Files, Salem.*)

The purpose of Milestone Zero - the Scoping Study - is to:

- Establish the preliminary feasibility of the projects as Public Private Partnerships
- Identify major issues that must be addressed
- Provide a basis for agreement between ODOT and OTIG on key development parameters for the project
- Determine whether OTIG and ODOT should move to Milestone One

Milestone Zero is the first step in the series of the following milestones:

- Milestone One: Commercial and Financial Viability Assessment – establishment of the commercial and financial viability of the project in greater detail
- Milestone Two: Implementation Development – development of the Implementation Agreement and the procurement approach for the Design-Build and financing elements of the project
- Milestone Three: Closing – negotiation and finalization of the Implementation Agreement, Design-Build and Operations procurement process, and Financial Plan elements leading to commercial and Financial Close

OTIG and ODOT have the ability to take an off-ramp at completion of any of the milestones, at which point all work product produced by OTIG becomes the property of ODOT.

Summary Conclusions - Sunrise

Both Sunrise Project and Sunrise Corridor are:

1. Needed due to continued strong growth in travel demand and significant congestion
2. Not self-supporting through tolls but could be viable as a “shadow tolling” Public Private Partnership should alternative supplemental sources of funding be identified (shadow tolling involves payments by the government to a private concessionaire; based on traffic volumes and service levels)
 - OTIG’s understanding is that external funds are unavailable to support the project

- The project could be coupled with other potential toll projects in the greater Portland metropolitan region that could potentially generate excess revenue

ODOT and OTIG have jointly elected to take the off-ramp at Milestone 0.

Summary Conclusions – I-205

1. Improvements to the I-205 Corridor are needed now
 - Current congestion and strong traffic growth forecast
2. Growing public support for the use of tolling
 - Emerging belief that there is a lack of conventional funding and growing acceptance of limited use of tolling
3. The project can be delivered as a PPP
 - Construction could commence as early as April 2009
4. The project could be self-supporting
 - Surplus funding could be used for long-needed capital projects and/or transit goals
5. Use of electronic tolling is key to ensuring public support
 - Interoperability, customer service centers and violations enforcement must be addressed

Next Steps – Action Items:

1. Include the project in the Regional Transportation Plan update
 - OTIG proposes detailed technical work to refine the project description and address regional planning goals such as freight mobility and congestion management
2. Implement an extensive public outreach program
 - OTIG proposes to meet with local leaders, elected officials, stakeholders and the general public to assess opinion and build support through interviews, targeted mailings, on-line and mail-back surveys and focus groups
3. Carry the project forward to Milestone 1
 - OTIG would undertake a preliminary investment grade traffic study followed by selection of a preferred option

The Commission will take time to assess what it has learned and what is available and feasible for tolling in this state for these projects. The Commission will not authorize moving the I-205 project forward to Milestone 1 now because this project has not been vetted through the traditional process in the Regional Transportation Plan. This project needs to go through the full public process. If, in that process, this project comes up as

a priority, then the Commission will consider moving into Milestone 1. The I-205 project will move forward to Milestone 1 only if the OTC authorizes it to do so.



The next two meeting dates are:

- Wednesday, February 21, 2007, in Salem.
- Wednesday and Thursday, March 21 and 22, 2007, in Salem.



ODOT's Sustainability Program Manager Damon Fordham and John Kaufmann, Senior Policy Analyst with the Oregon Department of Energy, provided reports on the issue of peak oil and the implications for ODOT and Oregon's transportation system. (*Background material and PowerPoint presentations in General Files, Salem.*)

Mr. Kauffman's presentation:

The issues of peak oil and climate change are big topics at both the federal administration level and in this state. The peak oil issue is relevant to ODOT because the transportation sector is such a big user of petroleum. About 38 percent of all energy used in Oregon is for transportation, more than any other sector. Transportation uses about 80 percent of petroleum fuels in this state. Because ODOT has a key role in facilitating Oregonians' access to goods and services, it must remain fully engaged in this issue. Constraints in the supply of oil could become a major barrier in how the citizens of the state are able to continue to meet their needs in the future.

Fuel prices have increased because the demand for fuel in China has increased. In the United States, the demand for fuel has increased as well. More people are driving more miles in less efficient vehicles. In the 1970s and 1980s, fuel economy of vehicles improved. Through the 1990s fuel economy leveled out, and in 2002 we actually began to see a slight dip in vehicle fuel economy, mostly because of large vehicles.

Short-term supply problems include production in Iraq is below pre-war levels, Hurricane Katrina knocked out production for a while, unrest in Nigeria. Once these issues are resolved, other problems will replace them. There will always be short-term supply issues.

The real issue is long-term supply. We are now beginning to reach the point where supply is leveling off and demand will outstrip production. The demand will continue to increase, but production will no longer be able to increase.

Peak oil means supply can no longer be increased and cannot meet demand. Roughly half the oil has been used. Supply will level off and begin to decline.

World discoveries of new oil fields peaked in the 1960s, and have been declining ever since. In 1983, production exceeded discoveries. For every barrel of oil we find, we use four to six barrels.

Between 1993 and 2005, drilling was up. Despite that increase in drilling, production has decreased.

There are a number of estimates on when oil production will peak, ranging from 2006-2007 to 2025 or later.

Fundamentally, the impacts of peak oil will be disguised as economic problems. There will be no sudden crisis. Year after year prices will go up, wages will be lower and some occasional spikes will happen. The airlines will be the first to feel the impacts. As people have to pay more to travel, tourism will be another early casualty. Trucking will also suffer. Food is very dependent on fossil fuels. We use about 400 gallons of oil equivalents each year to feed each American (fertilizer, field machinery, transportation and irrigation).

Conservation and the use of alternative energy should be considered. Even with renewable energy sources such as wind and solar, there is the fundamental problem that they are non-transportation only, less concentrated and more expensive than petroleum fuels. Biofuels are necessary, but limited. They will probably not replace oil in the quantities used today. We need to go to smaller and more efficient vehicles, next generation vehicles (e.g., solar, etc.), idle reduction technologies, reinvigorate rail, transit alternatives and stop/reverse sprawl.

We need oil and gas to bootstrap their replacement. The longer we wait, the more expensive the energy will be to build the next generation infrastructure.

Mr. Fordham's presentation:

The three main direct impacts of the peak oil situation to ODOT are highway fund revenues, construction costs and cost of internal operation.

Through the Highway Fund, fuels tax is ODOT's main source of revenue. Fuels tax revenues are likely to decline post peak. Prolonged high prices and tight supply will have severe impacts to the agency.

Fuel costs represent a large part of highway construction costs, and all construction materials are affected to some degree by the price of oil. ODOT is already seeing an impact in its construction program. Over the last three or four years, the price of asphalt cement materials has increased 77 percent. Not all of that was driven by high fuel prices, but it closely relates to the price of diesel fuel. Asphalt represents about eight to 10 percent of Statewide Transportation Improvement Program costs.

During the last two biennia, ODOT fleet fuel costs increased about 67 percent for gasoline and 76 percent for diesel fuels. The agency uses about 2.4 million gallons of

diesel fuel a year. Some of the increase is due to an increase in use. When it costs more to move fleet and crews around, the department needs more funding to maintain levels of service, so last year ODOT requested from the Legislative Emergency Board an increase in its maintenance limitation.

ODOT is doing several things to minimize the impacts, such as the Road User Fee Pilot Project; the Oregon Transportation Plan addresses the issue with Key Initiative E (developing a sustainable funding plan for Oregon transportation).

ODOT is committed to existing projects, and fewer new projects have been added to the STIP. The department uses specifications with material cost escalators to manage contractor risk and, if it is appropriate and we can, ODOT may substitute materials if there are cheaper alternatives.

We have increased the use of biofuels. We use biodiesel as a substitute for diesel, and ethanol as a substitute for gasoline. ODOT currently has eight hybrid sedans. Employees are encouraged to conserve fuel by reducing idling and use other fuel saving techniques.

The OTP sets the stage for broader efforts. It recognizes the unpredictability of oil price and supply as challenges. A high fuel price scenario was analyzed in developing its policies. Two policies that are important to this issue are Policy 4.2: Energy Supply, and Policy 4.3: Creating Communities. Policy 4.2 talks about supporting a diversified and clean energy supply, promoting efficiencies and preparing for shortages. Policy 4.3 discusses encouraging the development of compact communities with integrated uses to help make shorter trips, transit, walking and bicycling feasible.

The issue is also addressed in OTP Key Initiatives C and E. Key Initiative C supports land uses that enhance transportation efficiency and advocates for reliable, diverse and adequate fuel supplies.

ODOT has several existing programs that contribute to reducing the impacts of peak oil. The Public Transit Division administers local transit grants, the transportation demand management work of the Transportation Options program, and initiatives such as "Drive Less, Save More." Typically, rail travel is more efficient both for freight and for passengers, so the work of the Rail Division is important. The Transportation and Growth Management Program gets at the land use and transportation interaction and encourages and supports land uses where transportation options are available. And, of course, the Bicycle and Pedestrian Program is also important.



Commissioner Achterman adjourned the meeting at 3:55 p.m.



Thursday, January 25, 2007

The Commission received an update on the Metro 2035 Regional Transportation Plan. *(Background material in General Files, Salem.)*

At the meeting were Metro representatives David Bragdon and Rex Burkholder, Andy Cotugno, Tom Kloster and Kim Ellis, the Governor's Transportation Advisor Chris Warner, Oregon Transportation Commission members Stuart Foster, Gail Achterman and Janice Wilson, and ODOT representatives Matthew Garrett, Joan Plank, Jason Tell, Jerri Bohard, Lidwien Rahman and Lainie Smith.

Jason Tell noted that this was the second workshop regarding the RTP. Since the last meeting, Metro staff provided ODOT a working draft of Chapter 1, Regional Transportation Vision, for the RTP (dated January 5, 2007). Region 1 and Transportation Development Division staff reviewed and made comments on the draft. Mr. Tell refers to information provided to Metro in a memo from Lidwien Rahman, dated January 18, 2007. *(A copy of this letter is in General Files, Salem.)*

The plan covers how well land use and transportation will support goals within the Portland metropolitan region. What the plan doesn't seem to cover is how the region links to the rest of the state. This is particularly important to the Portland region because it serves as an economic hub, with the Port of Portland, the Portland International Airport, two interstates, Class One railroads, and other reasons. How the rest of the state connects to the Portland region is very critical.

Three key concerns:

- There should be a separate goal for economic competitiveness. Access to industrial areas and through movement of freight should be addressed under this goal, as well as the economic costs of congestion.
- There should be clear policy guidance regarding priorities. The plan may lay out the ultimate system, but we will probably not get there very soon. In a constrained fiscal environment, what is most important?
- The full regulatory and policy framework for the RTP needs to be addressed. This includes the Oregon Highway Plan and the Transportation Planning Rule, federal and state tolling regulations, as well as the Oregon Transportation Plan and SAFETEA-LU. In particular, any change in highway mobility standards will require an amendment to the OHP.

Metro Council President David Bragdon said this is a different regional transportation plan. He stressed that it is still in draft form. He provided a brief history of transportation in the United States. Every 50 years new financing tools and institutional arrangements are needed. It falls to a new generation to invent new financing tools and new ways of doing business. That is where we are now. Some of the old financing tools and institutional arrangements are not getting us where we need to be. Creativity at the state level is essential to unlocking new ideas. Metro looks forward to working with the OTC

and ODOT in looking at new ways of doing business, with financial aspects and the institutional relationships. Oregon's transportation system is an interagency network. The state system must work well with what the cities and counties own and operate. The citizens depend on the whole network. As we look at how capacity is managed, it makes the need for a higher degree of interagency cooperation.

J-PACT Chair Rex Burkholder said that Metro is wrestling with the issues of how to spend resources and the desired outcomes. Instead of starting out with the transportation issue it wants to deal with, Metro is asking, "What are the outcomes we want to achieve through this investment?" A lot of money is invested in the transportation system every year. Are we getting what we want out of it? Is it the fact that we can move people faster, or is it economic development, urban development? Metro is facilitating discussions with stakeholder groups; business and freight, and two environmental justice groups.

Metro recently completed public opinion research to see whether the opinions of that self-selected group reflect those of the general population. Metro also performed research on the region's economy, investment patterns in the past, what future changes might be coming and what the world is like. Metro's goal is to find out what the real world is like and get out of the planning/building cocoon. He referred to "Ten things you need to know about transportation planning in this region," which deal with fiscal limitations, changing political climate, global warming, oil supply reliability, etc. The list will help Metro develop a response that is flexible, provides choices and helps the region reach its urban development goals. *(A copy of this list is in General Files, Salem.)*

A key goal of the RTP is to provide for a wise use of limited resources. In March, Metro plans to provisionally adopt a set of goals and objectives. Then, it will be an iterative process in which Metro will begin to apply projects against a set of criteria and performance measures to see how things fit, how they can be altered, ordered, and prioritized to achieve those goals. The schedule is such that Metro will adopt the RTP in September. In the next several months Metro will test the plan. The only way the RTP will be useful is if the process is truly collaborative. All stakeholders need to agree on a common set of goals and objectives. The RTP will be a tool that ODOT, Tri-Met, Metro, the City of Portland, and others can use in prioritizing their investments toward achieving the agreed upon outcomes.

Metro Transportation Planning Manager Tom Kloster walked the group through the working draft of the policy chapter. He and Metro representatives want the OTC's and ODOT's response on whether the draft is headed in the right direction for the RTP and if it is consistent with the Oregon Transportation Plan. Is the plan responding correctly to the "crossroads" point we are now. Is the plan realistic or aspirational? Will the plan be inspiring? How will Metro collaborate with the OTC as the RTP moves toward adoption? The Land Conservation and Development Commission also needs to be involved. He then expanded on the information provided in the working draft of Chapter 1 RTP Vision (Figures 1 through 4).

OTC Observations:

- The document should have a broader vision. As the draft is currently written, it does not assert the statewide economic leadership and responsibility of the Portland metro area to sustain the economic future of this state. It was largely focused on the 2040 Plan. Portland wants to be an international economic player. The Commission wants the state to be an international economic player. The Portland metro area is a huge interstate and intrastate player. The Commission hopes that the focus can be expanded for it to assume that rule. More conversation about the vision should take place as the RTP moves from draft to its final version.
- If the OTC were to describe the shared vision Metro, the Metro Council and the people in the Portland metro area have, and that we have in the Oregon Transportation Plan, it is the notion that it won't necessarily be new technology, but what it will be and what we will be able to invent is a structure for new intermodal cross-jurisdictional provision of mobility services, so that collectively we look at ourselves as mobility service providers for people and goods and we develop robust networks for mobility. That is transformational because it is creating a robust interlinked network of multiple modes. As this conversation continues, we need to look at it as a partnership between the Transportation Department at the state level, and the regional government in the largest region of the state, where everything comes together for transportation in the state. We would collectively reflect on our respective assets and skills and achieve greater results by leveraging them in a partnership and creating an institutional and governance framework that allows us to engage in this process so there is a shared vision for the state for the region to achieve our collective objectives.
- Thinking about the Transportation Plan, in terms of a shift to a network design philosophy, operations become critically important. The Commission sees it in the existing draft, but this is one of the biggest challenges ODOT has as an agency and it is also a big challenge for cities, counties and regions. We need to run experiments on different approaches to operations and get innovative on soft solutions (e.g., closing or pricing ramps at certain times of the day, having police officers direct traffic in highly congested situations, incident command systems with emergency response providers).
- We must all get much smarter about links in the network. What are the criteria for strategic investment in new capacity? In the development of the OTP, the Steering Committee could not come up with any. We must realize that if you only invest in the bottleneck, it will not relieve congestion, because the bottleneck is there due to many factors. We need to get smart about where we make investments and where we make the investments in economic development so we can start thinking about how we connect to the Port of Portland, both the airport and marine facilities, how we connect to rail facilities, how we make those backbones of our economic system work so we can get the jobs, have the economic growth in the metropolitan area, as well as moving people. Strategic investment in new capacity must be heightened in terms of what we need to do with this next RTP.

- More data is needed to confirm it, but the Commission has heard that the core basis of the congestion problem on I-205 is that 80% of vehicle trips are five miles or less in length. To spend \$400,000 to \$1 billion to solve a problem by adding lanes when trips are that short is a network issue and requires this kind of thought process to find the solution. We must take a holistic approach and work together. Citizens don't care who owns a piece of road. What they care about is that they can move from one place to another safely with reliability. The Commission is excited with how thoughtful and holistic the RTP process is. There are times in history when there are opportunities and openings to make shifts and to think differently. We are in one of those periods in our history.

The Commission asked Chris Warner to provide his point of view and that of the Governor on Metro's new network approach, economic development of the state, multimodal transportation and new initiatives.

Mr. Warner said that the Governor's office acknowledges the plan and its vision paints the Portland metro area as the driver for the state. As a user of the city street system and I-84 and I-5, he is excited about the vision. We need to continue this conversation started with the OTP. All regions being equal, what happens in eastern Oregon doesn't have the kind of impact on the state that the Portland area does. The Governor's budget allocated \$100 million to *ConnectOregon*, which is critical to pull the highway system together and take that next step toward multimodal connectivity. The Governor's budget also included a \$2 million rail investment study. Part of that is to continue the trend toward thinking beyond just building the next highway, but also how to create an entire system of transportation that is also a critical part of our economic development system.

Beyond *ConnectOregon*, the Governor's budget focuses on revenue enhancements, such as the corporate kicker and the corporate minimum. As the Legislative session moves along, the Governor is also willing to take a look at other kinds of investments.

Integrating the statewide plan and the regional plan is critical to us as public stewards and public officials as we look for more revenue. We must have a shared vision and that vision must be shared with the public. Mr. Warner appreciates that the plan is being shared with interest groups and citizens in general. If we can get the public invested in what we are doing and give it a vision of why we are doing it, it will be part of the leadership that the Commission has tried to provide on the state level and that Metro is trying to provide on the regional level. The Governor wants to look at the RTP as a long-term project and not something that needs to be done during his term as Governor. We need to build on the momentum of the OTP and make sure that the regional level work syncs with that plan.

David Bragdon responded:

- Some of the economic impacts will come into focus as the region's Freight System Plan is developed. Metro may need to enhance its external relationship. The freight group has met several times. The focus has been very much on the intra-region. The

RTP may need a broader, more integrated vision. The overall approach is consistent with that broader economic, integrated vision. We should find ways to measure economic impact. The passenger system is an economic issue as well.

The Commission asked how Metro sees the OTC and ODOT being most effectively involved in its process and engaged as partners.

Mr. Burkholder said one challenge is how systems thinking can be implemented in a fragmented environment. Twenty-five cities, three counties, Port of Portland, TriMet, ODOT and Metro each hold a piece. OTC and ODOT can provide the direction. ODOT and Metro need to come to agreement that we will all work on the goals and use these tools to address these issues. The OTP started in that direction. The Oregon Highway Plan may need to be updated. Direction from the Commission is critical in providing that leadership.

Andy Cotugno said that a lot of value comes out of these workshops and wants the group to meet every two or three months.

Tom Kloster agreed and stressed the need to talk with the Land Conservation and Development Commission as well.

The Commission noted that the levers it has with cities and counties are on things like the Access Management Rule and the Transportation Planning Rule, so that under the state land use system and the transportation planning system, their local plans must be consistent with the Highway Plan and the OTP, and must comply with the TPR. In order to develop this network and collaborative approach, it may take some levers that exist at the state level. We need to inventory those assets and tools so we can achieve a shared vision.

Matt Garrett said that the Oregon Highway Plan is a living document and has reacted to change many times. This RTP must sync up with the OHP and the OTP. They both need to be living documents and may grow. What can't be lost is the mechanics that makes things work with existing rules. We must maximize the tools we have or abdicate our role. If a tool hasn't worked, it needs to be changed. We need to find the core reason the highways and arterials aren't functioning and find new investment strategies to make them healthy. We must show people that every pathway we've taken is blunted to some extent, which compromises livability and economic opportunity, not only for the Portland metropolitan region, but for the State of Oregon, and the Pacific Northwest. Metro has a partner in the Oregon Department of Transportation, but one that understands that there is a discipline across the board on making sure the policies, protocols and investment strategies sync up at all levels.

For the most part, the Commission likes what it heard. However, from a pragmatic standpoint, it heard two legs of the stool, and not the third. We don't know where the proposed pricing system will work to deal with the interstates/throughways. We must have a strategy for transitioning into a new way of looking at how we address the

current, unacceptable situation on the interstates. We cannot forgo the level of service. In the new areas we build, as in Damascus, we will use the regional street system concept and not address the impacts on the economic arteries in this region of the state. The 2040 plan has been in place since the mid 1990s, yet we continue to see the progressive deterioration of the mobility on the interstates. It is getting to a critical state. If we could address the short trip issue on I-205, we would not need to build more lane capacity on I-205. If we don't address it, we must have the ability to build more capacity, or we will have economic failure. (The Commission noted that ODOT does have the right-of-way to put more lanes on I-205.) The better strategy would be to figure out how to get those local trips off of I-205. When the transportation system in Damascus is built, we must address where those trips will go. For \$1 billion, we can solve the Sunrise Corridor issues. For example, that will end on I-205. What do we do then? The Commission wants to buy in to the RTP vision, but strategies must be thought through on how to address short-term issues as well as long-term issues.

The Commission asked, if we are trying to get people out of their automobiles, why interchanges on throughways would be spaced two miles apart. Would it be better to space them at five miles? If we want people to use local services, why are we being so generous with our interchanges?

Tom Kloster said that Damascus is an area full of hills and streams, which is why it was used as an example, because it is exceptional land. Metro planners did their best to create a network that would come close to the ideal. Unless streams are filled and put into pipes, the ideal isn't possible. The Damascus example may be a worst case in the region, but we did quite well in laying it out. Land uses were moved around when we couldn't get to that network.

The Commission asked about what Metro will do about the corridors as other tools. Right now, we have other tools in use to move passengers off of the highway. The highway is still free. Metro is using Transportation Demand Management, and is marketing it. Transit moves a lot of people through those corridors. Metro includes pricing as an option because even if we keep doing all those other things (system management, a much better job of running the signal system, ramp meters, etc.), it would probably get even worse.

Metro planners thought they were being aggressive spacing interchanges two miles apart; maybe not aggressive enough. Right now the spacing is at about one mile. Metro is not planning to build more interchanges, but in fact, that may be an answer. That may be what it takes to get those two-mile trips off the throughway. There may be some structural changes needed. Right now, people would say they are entitled to an interchange every mile. Metro is trying to move in the direction ODOT is pointing toward.

Rex Burkholder distributed the list, "Ten things you need to know about transportation planning in this region." (*A copy of this list is in General Files, Salem.*) We have come to the point where the status quo is not working. This is mainly because of finances. We

don't see dollars coming from the federal, state or local level to do major improvements. Even small improvements are difficult to accomplish. We also face community resistance to continually focusing expansion on one facility, even if it is not a freeway. Now there is development along roads such as the Tualatin Valley Highway, and the cost has gone up. People now say no more. Many times it ends up being a political process instead of the preferable technical process. We understand that the regional system design concept will be done over time. The concept is that this is a valuable resource that we must manage somehow and the highest value uses need to be prioritized. Right now, we don't have a mechanism for that. These strategies may take time to implement, but the concept is there that the transportation system is important and precious.

Jason Tell – Our joint objective is to get local trips off the state highway system. There are some huge shifts in thinking with pricing, etc. The Regional Multi-Modal Corridor Capacity Concept (Figure 2, page 13 of the background material) of relieving congestion on the interstate by, in part, getting some of that traffic onto arterials is an interesting concept to explore. When Mr. Tell looks around the Portland region to determine where arterials could be placed to relieve peak congestion, the decisions made so far have been to boulevard those roads, to add streetcar, light rail. He asked the Metro Council if they envision other routes where those arterials could be throughput arterials. There are places where boulevards, neighborhood centers, etc. should be. In the Metro concept, are there any arterials within the city that would relieve some of the peak pressure off the interstates? The arterials should not take the full load. Transit and the other transportation options should be maximized. Do all arterials carry all modes of traffic (passenger, freight, transit, light rail, etc.) or will some arterials carry only some modes?

Mr. Kloster responded that the goal is to move the local traffic off of the interstate system within the region. There is capacity on the arterial system to do that. The arterial system is not failing as badly as the highway system. The arterial system is a network. When an incident occurs on the freeway system, traffic is stopped. Because it is a network, the arterial system can still function. If those local trips now on the freeways were to move to the arterial system, there would be a tremendous impact. RTP goals could be that specific. On the multi-modal corridor approach, it is very important to think about ways to move people, especially about what motivates their trips. We know that trips into the central city have a parking cost. There is a real opportunity to have people use transit. Metro will establish custom cut lines on either end of each functional segment of the corridors. It will then be able to use tools to determine what is going on with individual streets. The goal is to move passenger vehicles off the freight system so it can be used for longer trips.

The Commission asked Metro representatives what things they see in how ODOT operates (rules, culture, etc.) that they feel ODOT should look at to assist in making this partnership a more healthy relationship.

Mr. Cotugno said the state has the ability to pull communities together to do planning. ODOT can provide leadership and share successful responses to issues from around the state, along with coordination with the Land Conservation and Development Commission.

ODOT can also understand the region's role in the state and the role of interstate long-distance facilities that go through the region and try to insulate those from undue infringement by urban uses. Recognize that state facilities do influence urban areas and urban development patterns, and the impacts of an interchange in a rural area are not the same as the impacts of an interchange within the Portland area. The interplay between land uses and that facility is different, and a mutual awareness of that is important.

Mr. Cotugno asked if the Oregon Highway Plan responded to the updated Oregon Transportation Plan.

Chair Foster asked the same question when the OTP was adopted, and was told by ODOT's planners that the Highway Plan does currently sync with the OTP. This is a new revolutionary concept. If we go forward in total with the concept it may require a revolutionary change in the Highway Plan. It will be a huge challenge to make sure all these documents are consistent, and provide a good level of comfort for everyone. Agencies have a multibillion dollar investment in infrastructure, particularly in the metro area. We are at a novice level of how we manage the systems. We need to move to this new paradigm that aggressively and honestly addresses management of the system. If that takes a period of time, how do we transition to it? If we can't get to that transition point, then we will have capacity problems on key areas of the throughways that we will need to address by adding capacity. The real challenge is how we get from where we are now to where we all want to be without resulting in unanticipated consequences that would have a huge detrimental effect on livability and the economy.

Rex Burkholder agreed with the Commission. We need to educate everyone, especially the general public, so everyone sees the benefits of the concept.

Tom Kloster noted that Metro has a good working relationship with Region 1 and will use its staff to help work through some of the issues. Metro will not bring any surprises to the OTC. When turning points happen, when there is information to share, this group should meet again.

The Commission agreed that it is important to have these discussions. We need to devise a way to move forward and achieve the ultimate, common goal, which is a well designed, well managed transportation system within a very livable community.

Tom Kloster pointed out that the RTP addresses freight rail, but is a little undeveloped, with only a few projects at this time. A goal now is to mainstream freight rail as part of major corridors.

The Commission agreed that the RTP should address freight rail. It should have a strategy for Class One railroads and shortlines.

Mr. Bragdon recommended that the freight rail issue is something ODOT can help Metro address. A state government may have more influence with the Class One railroads.

The Commission is making some progress in developing a dialog with them at the state level and agreed it could help Metro work on the issue.

Jason Tell will work with the appropriate people to schedule the next meeting of this group a couple months from now. Director Garrett asked Metro to bring information that is mature enough for this type of dialog. The appropriate staff work should be done and vetted.


Rex Burkholder said that in the spring, J-PACT will go to Washington, D.C., joined by the ODOT Director or the Region 1 Manager. In thinking about what policy, program direction, emphasis, etc., should be included in the next transportation bill Congressmen Blumenauer and Representative DeFazio asked for help from Metro. Mr. Burkholder asked for help in reviewing the OTP, and the RTP policies to find areas that might be changed in the OTP that would make it easier. He asked for ODOT's ideas on what it would like to see on the federal level that would help both the region and the state.

Jason Tell recommended that next meeting include conversation about specific projects and financial constraints.

The Federal Highway Administration may also have issues that need to be addressed.

The meeting adjourned at 11:30 a.m.

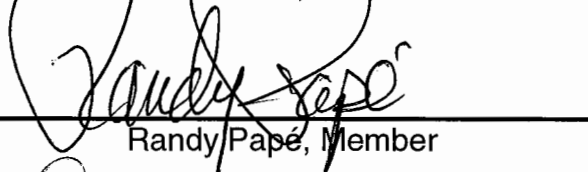
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Stuart Foster, Chairman

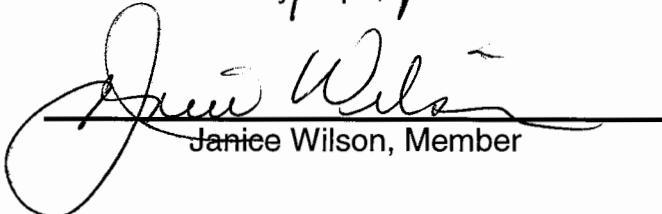


Gail Achterman, Member

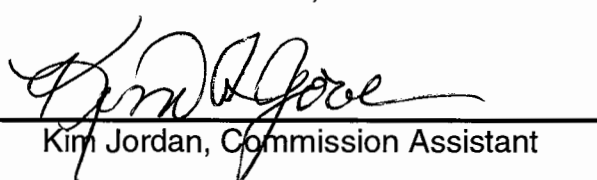


Randy Pape, Member

Was not present.
Mike Nelson, Member



Janice Wilson, Member



Kim Jordan, Commission Assistant