

OREGON TRANSPORTATION COMMISSION

Minutes of the Regular Monthly Meeting December 12, 2006 Portland

On Tuesday, December 12, at 8:00 a.m., the OTC and ODOT staff held a briefing session and reviewed the agenda in Conference Room 344 of the ODOT Region 1 Headquarters. The regular monthly meeting began at 9:30 a.m. in Public Meeting Rooms A and B.

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:

Chair Stuart Foster
Commissioner Gail Achterman
Commissioner Randy Papé
Commissioner Mike Nelson
Commissioner Janice Wilson
Director Matthew Garrett
Chief of Staff Joan Plank
Deputy Director for Highways Doug Tindall
Deputy Director for Central Services Mike Marsh
Communications Administrator Patrick Cooney

Trans. Development Administrator Craig Greenleaf
Trans. Development Administrator Jerri Bohard
Field Services Manager Paul Mather
Region 1 Manager Jason Tell
Region 2 Manager Jeff Scheick
Interim Region 3 Manager John Vial
Region 4 Manager Bob Bryant
Region 5 Manager Monte Grove
Commission Assistant Kim Jordan



Chair Foster called the meeting to order at 9:45 a.m.



Director's report highlights:

On December 9th, a section of Highway 35, which had been severely damaged by debris flows Nov. 6 and Nov. 7, reopened to traffic – a week ahead of the original estimate of Friday, Dec. 15. Doug Tindall assisted Governor Kulongoski in cutting the ribbon.

ODOT's contractor, Tri-State Construction, Inc., has been working 12-hour days since Tuesday, Nov. 14 to rebuild the 2.5-mile section of Highway 35 that was completely washed out. Construction highlights:

- There were more than 50 pieces of equipment in use (excavator, bulldozers, loaders, etc.)
- There were 50 dump trucks operating in the construction zone

- Workers moved approximately 400,000 cubic yards of material

Although the road reopened Saturday, and Mt. Hood Meadows had 7,500 patrons, we estimate the work to be 50% complete. Significant work will continue off the highway during the coming months. This work should not affect traffic.

Director Garrett thanked Tri-State Construction, and also the following ODOT employees for their outstanding efforts: Jason Tell, Karla Keller, Bill Barnhart, Dan Bacon, Steve Harry, Mike Mason, Geoff Bowyer, Steve Schalk, Larry Olson, Jeff Juden, Ron Kroop, Dave Thompson, and Shawn Uhlman.

On November 30th, we reported to the Legislative Emergency Board on several requests. We:

- Presented the second of two interim reports about implementation of the Oregon Innovative Partnerships Program as required under ORS 367.826,
- Requested approval to apply for, receive, and expend a Federal Highway Administration Disadvantaged Business Enterprise Supportive Services grant in the amount of \$800,000,
- Asked for an increase of \$47,500,000 in Other Funds expenditure limitation for the Preservation Program for the 2005-2007 biennium,
- Requested an increase in the Other Funds expenditure limitation for Transportation Program Development, in the amount of \$1.4 million for the 2005-2007 biennium, which will allow planning functions to proceed on earmarked projects,
- Requested retroactive approval to apply, receive and expend a federal grant offered by the Federal Highway Administration. The Truck Parking Facilities program was created under the surface transportation authorization legislation known as SAFETEA-LU, which was passed by the United States Congress in 2005. This new program was established as a pilot program to address the shortage of long-term parking for commercial vehicles on the National Highway System,
- Delivered a report in response to a legislative request for information about ODOT's Workforce Development Plan, Small Business Initiative, Disadvantaged Business Enterprises programs and the Emerging Small Business program, and
- Delivered a report about the department's effort to manage the Highway Ending Cash Balance as required in a 2005 Legislative Budget Note.



Commission member reports:

Commissioner Achterman attended a Metropolitan Transportation Improvement Program/Statewide Transportation Improvement Program public hearing in Portland with Jason Tell. Because of the University Transportation Center and the good work of ODOT Research staff, 2007 research activities will have a very robust agenda. She is working with the Oregon Business Council on planning for the January 4, 2007, Oregon Business Summit.

Commissioner Papé made no report.

Commissioner Nelson met with the Transportation Enhancement group on December 11 to review the first group of applications. He received a presentation from Jason Tell and his staff regarding Historic Columbia River Highway issues. Also on December 11, Commissioner Nelson and Commissioner Wilson met with Doug Tindall to learn about rest areas.

Commissioner Wilson was happy to spend time with Commissioner Nelson and Mr. Tindall in learning more about rest areas. They are important for safety as well as for economic development and tourism.

Chair Foster had a productive discussion with two representatives from Union Pacific Railroad and Matt Garrett in Portland on December 4 to discuss the *ConnectOregon* investment in the Hinkle (Hermiston) Yard. As a result of that investment, Union Pacific is going to accelerate its investment in improvements to that yard, 10 years ahead of its planned schedule.



Robert Burco, former ODOT Director, has spent the last five years working with the Bureau of Land Management. Before that, he was on the east coast looking at small scale road design. He worked for a year at the Rhode Island School of Design. He advised the governments of Rhode Island and Massachusetts about small scale road design. He's back in the Northwest to conclude a PhD. He urged the OTC to review a book titled "The Tipping Point." During his term with ODOT the agency led the way in the country in innovations in transportation design and policy, which the OTC and ODOT are working with now, 25 to 30 years later. He is interested in seeing what ODOT is doing now with the agency's work from the 1970s. He's very pleased with what he has learned so far.



Public comment was received from:

Art Schlack, Association of Oregon Counties, provided the OTC copies of a report issued in November; the *Oregon County Road Needs Study*. AOC worked very closely

with ODOT staff to ensure consistency with the recently adopted Oregon Transportation Plan. He notified the OTC that congress did not reauthorize the Secure Rural Schools Act, which will create a gap for the counties of \$90 million annually in their ability to fund the county portion of the transportation system. There will be efforts in the next congress to see what can be done.

The Commission asked Mr. Schlack to provide data on how the counties are spending the \$90 million. Mr. Schlack said he would pull the information together for the OTC. It may also be helpful to AOC to have the data in working out ways to deal with the funding gap. Mr. Schlack said that most of the funds go to maintenance and preservation in eastern and coastal counties.



Doug Tindall and Office of Innovative Partnerships Manager James Whitty requested approval of policies relating to interoperability for electronic tolling, tolling support operations and OTC governance of tolling on State Highways. (*Background material in General Files, Salem.*)

For interoperability for electronic tolling, Mr. Tindall recommends that ODOT adopt the same standard that the State of Washington selected, called "Good to Go" tags. The readers are also capable of reading existing transponders on commercial vehicles, so companies that participate in ODOT's Green Light program will not need an additional transponder should Oregon decide to implement tolling. From a technological standpoint, there does not appear to be any reason not to adopt this standard. Our goal is to minimize the number of pieces of equipment that drivers must purchase should Oregon adopt tolling projects as Washington has. Although it has not been studied as thoroughly, ODOT believes the reader of the "Good to Go" transponder has the ability to be interoperable with the technology the State of California is using.

The Commission noted for the record that it has had extensive briefings on these policies and that white papers were prepared that addressed these issues in depth. As it considers these three policies, the Commission draws from the white papers that were presented previously.

Tolling support operations, also known as "back room operations," includes the administrative processes of enforcement, violation tracking, and toll collection. The two possibilities that the OTC discussed earlier were to have a back room dedicated to each project if ODOT were to have multiple tolling projects, or to have one tolling support operation no matter how many tolling projects Oregon may have. The recommendation is to adopt a policy to do all tolling support out of one centralized tolling support operation, whether we have one or 50 tolling operations in the state. This is a proactive statement that is useful in planning and determining what the costs will be on individual tolling projects and how robust the back room needs to be. The side benefit to this is

that if other private or public entities were to enter into tolling, Oregon may be able to offer this service to them as well, reducing duplication of effort.

Because of current statutory language, the next proposed policy may not be necessary, but ODOT wants it to be explicit that the Oregon Transportation Commission is the toll setting authority for all state highways. This is important in a public-private partnership because a private partner will want to know who will establish and approve toll rates and will be part of the negotiations about how and on what timeframe that happens.

Public comment was received from:

- John M. Ekman, resident of Yamhill County, had questions about ODOT's revenues. There doesn't seem to be available any good, concise accounting of monies received (gasoline tax revenues, licenses, heavy use tax, etc.). Once he knows more about ODOT's revenues and expenditures, he will be able to make a better decision about whether or not he can support tolling. If tolling does happen, he opposed the tracking of vehicles.

The Commission asked that ODOT staff provide Mr. Ekman with a copy of a paper that was done for the Oregon Transportation Plan, and the so called "bubble chart" that provide information about ODOT's revenues and expenditures. Also available is a booklet on the transportation budget. All these documents are available to the public.

Mr. Tindall said that the actions the Commission takes today, in no way commits the State of Oregon to tolling. By taking these actions, it allows exploration of the tolling concept to go forward, sets boundaries and answers questions for the public-private partnership to continue to explore the possibility of tolling.

Commissioner Wilson moved to approve OTC Policy #7, Interoperability for Electronic Tolling. The motion passed unanimously.

Commissioner Papé moved to approve OTC Policy #8, Tolling Support Operations. The motion passed unanimously.

Commissioner Achterman moved to approve OTC Policy #9, OTC Governance of Tolling on State Highways. 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.*)

Of the bridges that need to be repaired or replaced under the OTIA III Bridge Delivery Program, two-thirds are now in design, construction or are complete. Seventeen months

ago, when Mr. Tindall began reporting on the program, one-quarter of the bridges were in design, construction or completed.



Tom Lauer and Ray Mabey requested approval of an amendment to the 2006-2009 STIP to delay construction of OTIA III bundles 507, 509, 559, 412, and 413 to dates outside the current STIP. The total estimated amount of this request is \$56,142,400. *(Background material in General Files, Salem.)*

These bundles are a part of the OTIA III Bridge Delivery Program that was restructured with input from stakeholders last spring. ODOT actively interacted with those stakeholders and the program manager, Oregon Bridge Delivery Partners, in reviewing the program to find out how we can meet their concerns, allowing them to meet guidelines set forth in the program to deliver the program in a way that Oregon firms can participate. In September, we concluded a proposed reprogramming of the OTIA III program to achieve that. We have received positive acknowledgement from all of the stakeholders that this is a step forward. This action concludes the reprogramming (rebundling) and puts it into effect.

If this request is approved, it will have a neutral impact on the number of jobs created or sustained over the full course of the program. The funding spent will remain essentially the same, but the timing of when the funds are spent will change. There would be some opportunity for Oregon construction firms to pace out their labor workforce. They are currently under challenge, and the agency is engaged in vigorous workforce development efforts to support Oregon firms to bring in apprentices and help meet their workforce challenges. By pacing out the program, we allow them to better achieve their goals and make the jobs more sustainable over a longer period of time.

Many of these changes, along with some 50 other technical corrections within the program, were in response to the Oregon State University research study. Normally, by moving out the program, you could expect that our cash flow would lag and be more open to the effects of inflation, which is a true concern. However, in pacing out these scoping changes and looking at the bidding market, saturation of the local construction firms to the rate at which they are able to take on these jobs, stay within their bonding capacity and provide vigorous competition on our bid openings, was an element of this reprogramming so that we can offer the work at a level that local firms can fully participate and compete well against each other, thereby helping pricing of each of our projects. We believe that between the reprogramming and the slippage in time there will be a neutral affect on program costs.

Commissioner Wilson moved to approve the amendment to the 2006-2009 STIP to adjust the construction delivery of the bridge bundles, as set forth in the materials provided for this agenda item, to construction years outside the current STIP. The motion passed unanimously.



Monte Grove requested approval of an increase in project authorization of \$755,227 on the Interstate 84 Pleasant Valley Interchange Bridges project in Baker County. This will increase the project authorization to \$16,185,000. (*Background material in General Files, Salem.*)

The primary cause of this increase is work that needs to be done on a box culvert adjacent to the project originally planned to be under construction in 2007, under a separate contract. Because of work on the nearby railroad, the project area is being impacted, causing the need to do the box culvert work concurrently.

The Commission received materials on this request and was previously briefed.

Commissioner Nelson moved to approve the increase in authorization of \$755,227 on the Interstate 84 Pleasant Valley Interchange Bridges project in Baker County. The motion passed unanimously.



Monte Grove requested approval of a \$698,550, Type A, Immediate Opportunity Fund grant to improve Highway 331 accessibility and to construct a tribal road on the Confederated Tribes of Umatilla Indian Reservation (CTUIR) to support the new Cayuse Technologies facility (Umatilla County). The new roadway is estimated to cost \$1,397,100. (*Background material in General Files, Salem.*)

Commissioner Nelson moved to approve this Type A IOF grant to the CTUIR in the amount of \$698,550 to perform the work as stated above. The motion passed unanimously.



Doug Tindall, James Whitty, Art James, and OTIG representatives Nick Hann, Bob Shulock and Frank Wilson provided a report from the Oregon Transportation Improvement Group, Newberg Dundee Bypass Project, Milestone One. (*Background material and PowerPoint presentation in General Files, Salem.*)

Commissioner Achterman declared a potential conflict of interest. As of March 2006, she owns stock in Macquarie Infrastructure Company TR. In investigating the company, Commissioner Achterman thinks this is not the same company that does business with the Oregon Transportation Improvement Group. It is a company that does airport services in parking, district energy, gas production and distribution and bulk liquid storage.

Chair Foster agreed that it is a potential conflict and does not disqualify Commissioner Achterman from participating in this discussion.

This report represents the first step using objective data toward putting a financial arrangement together for the Newberg-Dundee project. Next, ODOT will take these data and view them from its vantage point. We are currently in negotiations to hire a concession finance advisor to review the model that underlies these data from ODOT's perspective and determine what ODOT's position should be. At the same time, the concession finance advisor will prepare a public comparator, which we consider critically important if the Commission decides to move forward into an implementation agreement on this project for concession. The view is that we need to have a comparable financial structure if the state would do this project without private involvement.

The report indicates that because of public acceptance, OTIG needed to explore options other than tolling all vehicles traveling on 99W. Mr. Tindall reported that ODOT staff agrees that those other options are appropriate solutions to explore. That conclusion is based on what we have heard in talking to the community.

Nick Hann expressed thanks to the local community leaders and stakeholders who have been very engaged in this process. Their advice and guidance is very much appreciated.

The report should be viewed as a menu of options in which the state and local communities can make decisions on this project.

Mr. Hann then reviewed information about the Newberg-Dundee Transportation Improvement Project using a PowerPoint presentation.

Key Conclusions:

- Bypass tolling is not self-supporting and does not cover operating costs
- Pass-through tolling, or capturing all non-resident trips in the corridor, could be self-supporting if target toll levels are implemented
- Extensive consultations with local officials resulted in emerging consensus in several areas, including:
 - The project is needed and financially feasible
 - Costs need to be brought under control and several areas of potential savings have been identified
 - If the project proceeds with tolling, any tolling option chosen needs to ensure that the traffic causing the problem pays for the solution – not local residents, visitors or taxpayers
 - While substantive progress has been made, the financing process is at the beginning and a considerable amount of future work is expected

The Issue:

- Highway 99W through the towns of Newberg and Dundee experiences unacceptable levels of traffic congestion
- Forecast to experience continued strong traffic growth over the next 20 years
- Low on the list of State's funding priorities
- Lack of sufficient funding at present and in foreseeable future

The Solution:

- The bypass proposed for more than two decades
- Key revitalization of towns and cities along the way
- Importance of the bypass for
 - Pass-through travelers: improvement of mobility, faster, safer and more reliable travel through the area; encouragement to use the bypass to the benefit of the downtown area
 - Local citizens: new and important community asset that would remove heavy traffic from town centers allowing local leaders to take additional steps to revitalize the downtown areas and improve the local economy
- OTIG engaged in the process to deliver, through Newberg-Dundee Transportation Improvement Project, a bypass to Highway 99W around the towns of Newberg and Dundee

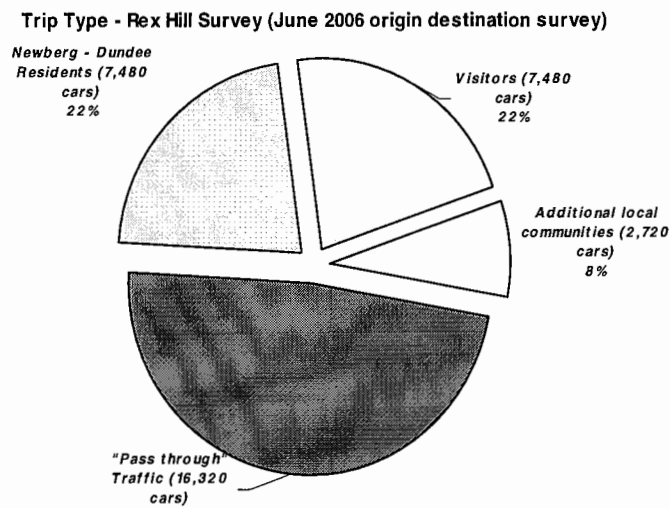
Actions Taken – Public-Private Partnership (PPP) Approach:

- ODOT entered into agreement with OTIG to deliver new transportation infrastructure projects to the state years ahead of when they might otherwise be built
- Public sector capital available for highways is limited, and government agencies have limited resources to ensure that cost overruns and delays do not occur
- Main advantages of PPP approach:
 - The contract ensures construction on time and on budget, shielding taxpayers from budget overruns and lengthy construction delays
 - The private sector partner ensures that the design meets the performance standards at the lowest possible construction cost (typically resulting in savings of 15 – 30% relative to state delivery)
 - The private sector partner is responsible for finance, thereby ensuring that interest rate, repayment and other financial risks are not taken by taxpayers
 - The private sector partner operates and maintains the road for 30 years or more to stringent performance standards. The partner is therefore strongly motivated to design a road that will last, and quickly repair any problems

OTIG Report:

- Provides analysis of commercial and financial viability of the project based upon an analysis of cost, available funding and potential revenue parameters
- Concerns of local leaders, residents and travelers carefully considered and built upon in the report as it
 - Provides options that state and local decision makers can choose for developing the project
 - Quantifies costs associated with developing, operating, maintaining and financing the project
 - Lays out a menu of options, including the use of tolls, to fund the project, which ODOT and local officials can use to craft a solution
 - Identifies the target toll levels for various options that would be sufficient to fund the cost to finance, construct, operate and maintain the bypass

Traffic Mix:



The Commission asked if OTIG had data on visitors to determine what activities they are conducting in the area (visiting local wineries, shopping, dining, etc.). OTIG doesn't currently have this type of data. Is there more potential for a future revenue source from visitors than is apparent at the current time? Mr. Hann explained that if a visitor stops in the community for more than two hours, they would not pay a toll, but if the visitor passes through and stays for less than two hours, they would pay a toll. It would be good to have more data on the reasons for visitor trips, but it can be difficult to collect such data.

Tolling Options Explored in the Report:

- Bypass tolling – tolling all traffic utilizing the bypass
 - Distance tolling – all traffic on the bypass is tolled based on the number of miles traveled on the bypass and a charge per mile

- Point tolling – all traffic on the bypass pays the same toll at a specified point on the bypass regardless of the actual distance traveled
- 99W tolling – all traffic is tolled at Rex Hill so that all traffic traveling on the bypass or 99W has to pay a toll (both directions)
 - One-way 99W tolling – all traffic traveling on the bypass and 99W southbound at Rex Hill, northbound south of Dundee, southbound access to the bypass on Highway 219 and Dundee interchange pays a toll (tolls all traffic entering the Newberg/Dundee, but not traffic leaving the area)
- Pass-through tolling – All “pass-through” traffic using 99W and all traffic on the bypass is tolled, with the toll collection point located at Rex Hill. Pass-through traffic is traffic that does not include Newberg or Dundee as the final trip destination.
 - Pass-through tolling (local residents excluded) - Local residents of the Newberg and Dundee area do not pay to use 99W and incur a flat toll of \$1 to use the bypass.
 - Pass-through tolling (local residents and visitors excluded) - Local residents of the Newberg and Dundee area do not pay to use 99W and incur a flat toll of \$1 to use the bypass. Visitors, defined as those users who remain in the Newberg and Dundee area for more than two hours, do not pay to use 99W.
 - Pass-through tolling (local residents, additional local communities and visitors excluded) - Local residents of the Newberg and Dundee area as well as surrounding communities do not pay to use 99W, but incur a flat toll of \$1 to use the bypass. Visitors, defined as those users who remain in Newberg and Dundee for more than two hours, do not pay to use 99W.

Various Options Examined to Fund the bypass:

- Federal earmarks, gas tax, vehicle registration fees, regional property taxes, land value capture, tolling
- Due to lack of sufficient funding from the rest of the sources, tolling is identified as a primary potential source of funding for the bypass
- With increasing awareness of the funding shortage, tolling is gaining support among politicians and their constituents
- Tolls are the most direct user fee for highway transportation
- Tolling as a funding method has a potential to cover a significant portion of the project costs, especially when complemented with some of the other funding options
- Electronic toll collection systems allow for non-stop toll collection, eliminating the need for toll barriers that impede the flow of traffic

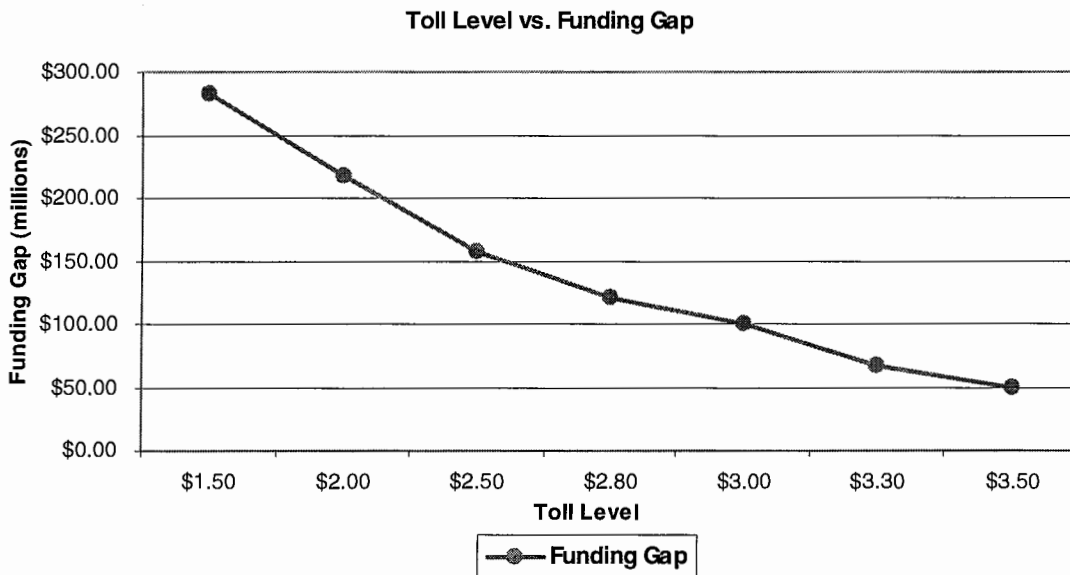
Bypass Tolling Feasibility:

- Bypass tolling shows low levels of traffic and revenue and is not able to pay for the project
- Full 99W tolling could cover the cost of the project

- Pass-through tolling could cover the cost of the project given the target toll levels are implemented
 - Option created after meetings with various stakeholder groups
 - Publicly acceptable as it does not penalize local residents, visitors and taxpayers
 - Complex arrangement: will require further study

Toll Level vs. Funding Gap:

- Pass-through tolling – local residents and visitors excluded
 - Various levels of toll levels were calculated to show the impact on the size of the funding gap
 - This allows identification of external funding requirements in addition to the right of way expenses and the \$50 million contribution assumed to be provided by ODOT



The average toll rate in the United States is about \$0.20 to \$0.22 per mile, which, for this project, would translate to slightly less than \$2.50 for a trip on the bypass.

Public Outreach and Participation:

- Concerns of stakeholders, local residents and visitors to the Newberg-Dundee area need to be addressed
 - Downtown revitalization and economic opportunity are key to the project
 - The heavy pass-through traffic that is inhibiting the revitalization should pay for its solution – not local residents and visitors
- OTIG report provides a menu of a wide variety of tolling options to address these concerns

- Report provides analysis of opportunities and obstacles to public acceptance
- There is high awareness of the congestion problem and strong local support for building a bypass
 - Residents are proud of their lifestyle except for traffic
 - Their advice to us: “Get it built!”
- Report points out need for a process to inform, involve and obtain input from public, stakeholders, and local leaders on proposed alternatives
- Report lays out guiding principles and provides a comprehensive plan and process for doing that
- Strong emphasis on keeping local leaders fully in the decision-making loop
- Need for a public information, education and participation program in the Oregon 99W corridor about any potential funding gaps, options for funding the bypass and the potential use of tolling

Conclusion:

- The project:
 - is needed and the situation will grow worse if no action is taken
 - will expedite downtown revitalization and benefit local economy
 - is feasible as a PPP, provided that
 - agreement is reached on terms of private and public contribution to the project and on the acceptable way to toll only pass-through traffic
 - the project stays on track – time is the enemy
- ODOT and OTIG will continue to work productively with local officials and bring the public into the process

Discussion Points:

- The bias is toward not tolling locals, and that is who OTIG discussions have been with. The assumption is to get the bypass built, pay for it with tolls, but don't toll locals unless they use the bypass and gain a direct benefit from it.
- If the OTC were to adopt a pass-through toll (residents, additional local communities and visitors excluded), the toll rate would be on residents of the coast or Portland and would need to be quite high in order to fund a significant portion of the costs. Should those folks bear all the costs? As we move forward, we will need to confront the public outreach design to get at the 48% of the people who would pay the bulk of the toll. Without knowing what their sensitivity and price elasticity is, we won't have a good fix on the situation. The size of the issue depends on whether the traveler is commuting to and from work everyday or is traveling the area as an occasional visitor.

- We need to think through how we will reach people outside the Yamhill County area, since it would be a “user pay” principle; we have not been talking to the segment of users who would pay most under these scenarios.
- One of the next steps will be to determine, out of that 48% of traffic, the number of frequent travelers as opposed to discretionary travelers.
- On page 128 of the report, it states that if Oregon were to go with full electronic tolling, this project would not be able to carry it, because of the low volume of traffic, and ODOT would probably be requested to contribute a portion of the cost. The Commission asked how much that amount would potentially be. If the 48% of traffic is made up of discretionary travelers, it would not be cost effective to install an electronic transponder where a toll would be collected very infrequently. If, to collect tolls, we have to get transponders into a million vehicles in Oregon, it would be a huge cost for this project to bear. OTIG recommends that it is likely we would need interim measures and the costs of full electronic tolling would have to be spread over other projects in the State, in addition to this project.

The Commission thanked Mr. Hann for the informative presentation.

Public comment was received from:

- Yamhill County Commissioner Leslie Lewis (with her were State Representative Kim Thatcher, Newberg Mayor Bob Stewart and Dave Haugeberg) – Commissioner Lewis thanked everyone involved in the process to get to this Milestone One Report. We all still have a lot of heavy lifting to do. She hoped for a definite solution for a project in the \$400 million to \$500 million range, but a solution is not evident. We do have building blocks to use to come up with a solution. The goal is to get it built.

The Commission agrees that there are many challenges ahead. We now have a good vision of a “shopping cart” of options to work with.

- John Ekman opposed the bypass as it is currently planned. There does not seem to be any regard for cost. The proposed route impacts very sensitive areas. ODOT has hosted a number of public meetings, but because many residents don’t believe anything will ever be built, they didn’t attend those meetings. He believes that a better bypass would be one that starts at Donald and I-5, and follows McKay Road west to Highway 219, using publicly owned right of way, and then takes a route west five miles, cross the Willamette River with just one bridge, keeping away from wetlands and floodplains, and exits onto Highway 18 just north of Dayton. This may in the future alleviate congestion on I-5. I-5 also needs more lanes, at least to Donald.
- John Charles, Cascade Policy Institute, said that because of the precedence setting nature of tolling, and the Commission will be doing this many times, it is important to realize if a facility is congested, it doesn’t matter where the vehicles

came from, where they are going, why people are there; the facility is dysfunctional. The problem is the lack of market based pricing on Oregon roads because the gas tax is only, in a secondary sense, a very generic user fee. Tolling is a very specific user fee. The solution is market based pricing, which is not punishment for motorists; it is designed to make the system work better. As the Commission goes down this path, knowing that there will be many bypasses in the future that will be in this situation, it is better to consider that if you are on a facility, you are a user. It doesn't matter why you are there. He was glad to hear that time-of-day pricing is also in the mix. To follow up on Mr. Ekman's point about adding lanes to I-5 is to take a bigger leap and begin to reduce the gas tax a bit, spend it just on local roads, and convert the really high revenue roads – the interstate highway system – into completely self-financing tolling facilities and use the massive revenues to build the next set of needed bridges and roads. Ultimately, that is a legislative decision, but Mr. Charles wanted everyone to begin thinking about it as another way to finance transportation improvements. Mr. Charles said that he would be talking to Congressman DeFazio and other members of Oregon's Federal Delegation, as well as State Legislators.

The Commission really appreciates the report. It raises a lot of issues and helps focus the OTC on many of those issues. It is a huge challenge that will need to be addressed on a local, regional and state level. The report clearly sets forth what the options are and our "shopping cart" of options.



The next two meeting dates are:

- Wednesday and Thursday, January 24 and 25, 2007, in Salem.
- Wednesday and Thursday, February 21 and 22, 2007, in Salem.



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

1. Minutes of the November 15, 2006, Commission meeting in Salem.
2. Resolution for authority to acquire real property by purchase, condemnation, agreement or donation.
3. Oregon Administrative Rule (OAR) actions:

a.	Amendment of OAR 735-062-0080 and 735-062-0140 relating to completion of a motorcycle education course.
b.	Amendment of OAR 735-064-0230, 735-064-0235, 735-064-0237 and 735-070-0010 relating to special student driver permits and emergency driver permits.



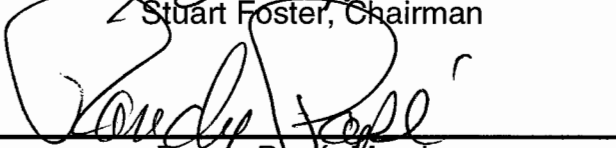
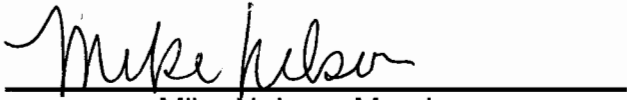
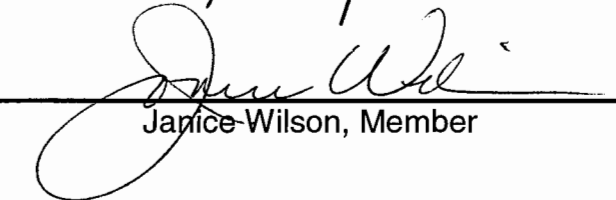

4. Designate Lorna Adkins as the Transportation Options participant on the Public Transportation Advisory Committee.

Commissioner Papé moved to approve the items on the Consent Calendar. The motion passed unanimously.



Chair Foster adjourned the meeting at 12:45 p.m.



 Stuart Foster, Chairman	 Gail Achterman, Member
 Randy Papé, Member	 Mike Nelson, Member
 Janice Wilson, Member	 Kim Jordan, Commission Assistant