

Oregon Department of
Transportation

**2003-2005 ADOPTED
PROGRAM BUDGET**

June 2004

Oregon Department of Transportation
2003-2005 ADOPTED PROGRAM BUDGET

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Oregon Department of Transportation

Overview

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MISSION STATEMENT

The mission of the Oregon Department of Transportation (ODOT) is to provide a safe, efficient transportation system that supports economic opportunity and livable communities for Oregonians.

ODOT is actively involved in developing programs related to Oregon's system of highways, roads and bridges; railways; public transportation services; transportation safety programs; driver and vehicle licensing; and motor carrier regulation. ODOT was established in 1969 and reorganized in 1973 and 1993 by the Oregon Legislature.

OREGON TRANSPORTATION COMMISSION

The Oregon Transportation Commission (OTC) is the five-member, voluntary citizens' board. The Governor, with the consent of the Oregon State Senate, appoints members. In conducting its business, numerous state and local committees and/or agencies and public groups provide comment, advice and counsel directly to the OTC.

The OTC is empowered to:

- Develop and maintain a state transportation policy and comprehensive, long-range plan for a multimodal transportation system;
- Coordinate and administer programs relating to rail, highway, motor vehicles, public transit, transportation safety and other transportation-related programs.

OTC MEMBERS

Stuart E. Foster, Chair

Medford, Oregon

Current term: July 1, 2001 – June 30, 2005

Gail L. Achterman

Portland, Oregon

Current term: November 17, 2000 – June 30, 2004

Michael R. Nelson

Baker City, Oregon

Current term: July 1, 2003 – June 30, 2007

Randall C. Papé

Eugene, Oregon

Current term: July 1, 2001 – June 30, 2005

John W. Russell

Portland, Oregon

Current term: July 1, 2000 – June 30, 2004

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AREA COMMISSIONS ON TRANSPORTATION

An Area Commission on Transportation (ACT) is an advisory body chartered by the OTC. Membership consists primarily of community decision-makers such as local elected officials, business, industry and public advocacy groups. ACTs address all aspects of transportation (surface, marine and air and transportation safety) with a primary focus on the state transportation system. ACTs also consider regional and local transportation issues if they affect the state system.

ACTs play a key advisory role in the development of the Statewide Transportation Improvement Program (STIP), which schedules funded transportation projects. ACTs establish a public process for area project selection priorities for the STIP. Through that process they prioritize transportation problems and solutions and recommend projects in their area to be included in the STIP. There are 10 ACTs throughout Oregon, they are listed below:

- **Cascades West Area Commission on Transportation**
Representing Benton, Lincoln and Linn counties.
ODOT contact: Vivian Payne, Cascade West area manager
(541) 757-4211 or email Vivian.b.payne@odot.state.or.us

- **Central Oregon Area Commission on Transportation**
Representing Jefferson, Crook and Deschutes counties.
ODOT contact: Gary Farnsworth, Central Oregon area manager
(541) 388-6071 or email Gary.c.farnsworth@odot.state.or.us

- **Lower John Day Area Commission on Transportation**
Representing Gilliam, Sherman, Wasco and Wheeler counties.
ODOT contact: Sam Wilkins, Lower John Day area manager
(541) 296-2215 or email Sam.l.wilkins@odot.state.or.us

- **Mid-Willamette Valley Area Commission on Transportation**
Representing Marion, Polk and Yamhill counties.
ODOT contact: Jane Lee, Mid-Willamette Valley area manager
(503) 986-2764 or email Jane.s.lee@odot.state.or.us

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- **North East Area Commission on Transportation**
Representing Morrow, Umatilla, Union, Wallowa and Baker counties.
ODOT contact: Monte Grove, Region 5 Manager
(541) 963-3177 or email Monte.grove@odot.state.or.us

 - **Northwest Oregon Area Commission on Transportation**
Representing Clatsop, Columbia and Tillamook counties and the western rural portion of Washington County
ODOT contact: Carole Richardson, Northwest Oregon area manager
(503) 325-7222 or email Carole.r.richardson@odot.state.or.us

 - **Rogue Valley Area Commission on Transportation**
Representing Jackson and Josephine counties
ODOT contact: Art Anderson, Rogue Valley area manager
(541) 774-6353 or email Art.h.anderson@odot.state.or.us

 - **South Central Oregon Area Commission on Transportation**
Representing Klamath and Lake counties.
ODOT contact: Mike Stinson, South Central Oregon area manager
(541) 883-5662 or email Michael.j.stinson@odot.state.or.us

 - **South East Area Commission on Transportation**
Representing Grant, Harney and Malheur counties.
ODOT contact: Rena Cusma, South East area manager
(541) 889-8558 or email Rena.m.cusma@odot.state.or.us

 - **South West Oregon Area Commission on Transportation**
Representing Coos, Curry and Douglas counties.
ODOT contact: Mark Usselman, South West Oregon area manager
(541) 396-3707 or email Mark.usselman@odot.state.or.us
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PARTNERSHIPS

– **Local Officials Advisory Committee**

The Local Officials Advisory Committee (LOAC) was established to act in an advisory capacity to the OTC and to ODOT to articulate concerns regarding policies, programs and activities as they affect counties and cities. LOAC membership is comprised of 12 members.

– **Governor’s Economic Revitalization Team**

The Governor’s Economic Revitalization Team (GERT) was established by the 72nd Oregon Legislature (HB 2011) to focus state agencies on working together at the local level to increase economic opportunity and help local governments and business and property owners bring industrial sites to “shovel ready” status.

Formerly the Community Solutions Team (CST), the GERT emphasizes multi-agency coordination on projects of local and statewide significance. The GERT has regional coordinators deployed around the state to help Oregon communities and businesses succeed. They work with state agencies and local government to:

- Streamline permitting for business and industry.
- Increase opportunities to link and leverage public and private investments.
- Provide greater local access to state resources and assistance.

The Governor’s Office has directed the GERT agency directors to create lasting and systematic changes to agency policies, programs and processes for greater effectiveness and improved efficiency. The following state agency directors are members of GERT:

- Oregon Economic and Community Development Department
 - Oregon Department of Transportation
 - Department of Consumer and Business Services
 - Department of Land Conservation and Development
 - Department of Environmental Quality
 - Department of State Lands
 - Oregon Department of Agriculture
 - Oregon Housing and Community Services
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– **Governor's Advisory Committee on DUII**

The duties of the Governor's Advisory Committee on DUII (driving under the influence of intoxicants) are to broadly represent the Legislative Assembly, public and private organizations involved in DUII countermeasures, victims of drunk drivers, and the general public and to heighten public awareness of the seriousness of the drunk driving problem. The committee works to persuade communities to attack the drunk driving problem in a more organized and systematic manner. This includes plans to eliminate bottlenecks in the arrest, trial and sentencing process that impair the effectiveness of many drunk-driving laws. The committee generates public support for increased enforcement of state and local drunk-driving laws. It also educates the public about the dangers of driving while under the influence and its effects on life and property. All members are governor-appointed and serve four-year terms. The committee was created by Executive Order and is considered to be part of the Governor's Office, staffed by ODOT.

– **Oregon Transportation Safety Committee**

The Oregon Transportation Safety Committee (OTSC) was formed in 1969 by the Legislature as the guiding board for highway safety programs, laws, research and outreach in Oregon. In 1991 the OTSC merged into ODOT and became an advisory committee to the OTC and the department on highway safety matters. Committee members are governor-appointed to four-year terms. The committee's primary areas of interest include speed, impaired driving, safety belts, community programs and driver education. The OTSC is the lead committee for the annual Traffic Safety Performance Plan, the long-range Transportation Safety Action Plan and many statewide communication initiatives on safety.

– **Governor's Advisory Committee on Motorcycle Safety**

The Governor's Advisory Committee on Motorcycle Safety's focus is on rider education, drinking and riding, road hazards unique to motorcyclists, motorist awareness of motorcycles, sharing the road and other safety issues. The committee advises the governor and the governor's highway safety representative (Transportation Safety Division Administrator) on safety for motorcyclists in Oregon. The committee works closely with ODOT to find solutions to engineering-related safety issues that affect motorcyclists. All members are governor-appointed and serve four-year terms. The committee was created by Executive Order and is considered to be part of the Governor's Office, staffed by ODOT.

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– **Oregon Bicycle and Pedestrian Advisory Committee**

The Oregon Bicycle and Pedestrian Advisory Committee (OBPAC) is a governor-appointed committee that advises ODOT on matters relating to bicycle and pedestrian traffic and the establishment of bikeways and walkways. The OBPAC reviews public and department policy, forwards proposals and makes recommendations to the department for further consideration. The committee meets quarterly in various locations around the state to listen to the views and concerns of interested citizens, local officials and ODOT region staff. The committee was established in state statute in 1973. It consists of eight members: an employee of a unit of local government employed in land use planning, a representative of a recognized environmental group, a person engaged in the business of selling or repairing bicycles, a member designated by the Oregon Recreation Trails Advisory Council, a member under age 21 at the time of appointment, and three members at large.

– **Department of Land Conservation and Development**

Transportation Growth Management
Transportation Planning Rule

– **Economic and Community Development Department**

Oregon Tourism Commission
Geographic Names Board
Immediate Opportunity Fund

– **Oregon State Police**

Law Enforcement Data Systems
Criminal Justice Information Systems Advisory Board
Work Zone Safety
Truck Safety Inspections

– **Department of Human Services**

Transportation Coordination Workgroup

– **Department of Administrative Services**

Highway Cost Allocation Study

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STRATEGIC DIRECTION

As ODOT copes with prioritizing program and revenue constraints, it is important to clarify its strategic direction—where the agency is going in the future. The theme of the strategic direction is reliable, innovative solutions to Oregon’s transportation needs. The agency sees this as a work in progress. The direction it takes now affects choices today and helps set priorities for the future.

Our goals and targeted outcomes are provided in the following table.

GOALS	OUTCOMES	BENCHMARKS
1. Improve Safety	<ul style="list-style-type: none"> – Reduce transportation-related accidents and fatalities. – Increase public satisfaction with safety. – Increase the percentage of safe drivers. – Reduce injuries to employees and transportation workers. 	Premature Death (No. 45)
2. Move People and Goods Efficiently	<ul style="list-style-type: none"> – Improve transportation system operation from the customer perspective. – Reduce hours of delay experienced by travelers and movers of goods. – Improve efficiency of Driver and Motor Vehicle Services, Motor Carrier and other ODOT services from the customer’s perspective. – Ensure equality of opportunity to access transportation systems and services. – Improve choices of travel and shipping alternatives. – Increase access to the transportation system and services. – Increase reliability of intermodal transfers in seamless system. – Maintain and preserve facilities and equipment. 	Travel Delay (No. 68) One Person Commute (No. 70) Vehicles Miles Traveled in Metro Areas (No. 71) Road Condition (No. 72)

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GOALS	OUTCOMES	BENCHMARKS
3. Improve Oregon's Livability and Economic Prosperity	<ul style="list-style-type: none"> – Reduce the number of economically distressed communities. – Increase business opportunities in economically distressed communities as a result of transportation improvements. – Increase the number of cities and communities with a variety of coordinated transportation options available to residents. – Reduce travel times and delays between communities in key freight corridors. – Enhance scenic qualities of byway and tourist routes. – Reduce the adverse impacts of transportation on air and water quality. 	Employment Dispersion (No.1) Net Job Growth (No. 4) Independent Seniors (No. 58) Disabled Employment (No. 59) Air Quality (No. 75) Salmon Recovery (No.85)
4. Provide Excellent Customer Services	<ul style="list-style-type: none"> – Improve the delivery of services. – Increase public satisfaction with customer services. 	

**2003 OREGON LEGISLATIVE SESSION –
TRANSPORTATION HIGHLIGHTS**

ODOT had a successful legislative session. Working with the Governor's Office and with key members of the Oregon Legislature, ODOT staff and members of the Oregon Transportation Commission helped get additional funding for transportation infrastructure improvements that will help get Oregon's economy back on track. In fact the \$2.5 billion funding bill will help sustain nearly 4,800 family wage jobs annually.

Funding was continued for operation of the passenger train service between Eugene and Portland. There were increases in other rail investments such as the South Metro Commuter Rail from Beaverton to Wilsonville, shortlines, and industrial rail spurs that will improve the state's rail system and help the economy.

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Funding for transit services also increased this session, with new fees from identification cards that will support additional elderly and disabled transportation services as well as direction to invest in transportation demand management and creation of a mass transit bus replacement program. The Transit Division also received additional oversight authority to manage the Special Transportation Fund.

Safety also received major attention this session. Many bills improving highway and motor carrier safety were enacted.

Major legislation that passed during the 2003 session of the Oregon Legislature included:

– **The Oregon Transportation Investment Act III (OTIA - House Bill 2041)**

This legislation provides an investment of \$2.5 billion to improve Oregon's highways, roads and streets over the next 10 years. The bill includes:

- \$1.3 billion in bond proceeds to replace and replace state bridges
- \$300 million in bond proceeds to replace and repair local bridges
- \$361 million for county and city maintenance and preservation
- \$500 million for modernization projects statewide

Higher registration, title and other fees paid by motorists and commercial truckers will provide the revenue for bonding and distribution to cities and counties.

The message during the legislature associated with this additional funding was "jobs, jobs, jobs." On average, 19 family wage jobs are supported for every one million dollars in transportation expenditures. The legislation will double the contract volume completed by the department in recent years. When OTIA III and the existing construction program are combined, ODOT will contribute to nearly 9000 jobs in the public and private sectors.

This legislation provides both an opportunity and a challenge for ODOT, one we are ready to meet.

– **Economic Revitalization (House Bill 2011)**

An adequate supply of industrial land is needed to support and to improve Oregon's economy. This legislation directs ODOT to prioritize projects with a focus on supporting economic development. It also requires ODOT to set aside funding to resolve transportation constraints on prospective sites. House Bill 2041 provides the funding for this effort.

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The bill also creates the Governor's Economic Revitalization Team (GERT), formerly the Community Development Office, in the Governor's Office. The GERT will continue the program that coordinates and communicates issues between state agencies, local government and industry to enhance community and project development.

– **Motor Carrier Safety (House Bill 2217)**

This legislation brought Oregon into compliance with federal regulations related to motor carrier safety exemptions for trucks operating in interstate commerce. These changes will allow Oregon to continue to receive nearly \$5 million in federal funds for safety enforcement. ODOT and the Oregon State Police will use these funds for truck inspection activities.

– **Notification of Changes Affecting Rail Crossings (House Bill 2219)**

Addresses the public safety problem created when a private railroad-highway crossing becomes one that is used by the public because of land use changes. The bill helps address the problem by requiring local planning offices to notify the ODOT Rail Division of proposed changes.

– **Speed Law Revision (House Bill 2661)**

Allows the Oregon Transportation Commission to increase the speed limit to 70 mph on interstate highways (65 mph for trucks and buses), provided the higher speed is determined to be safe and reasonable. The OTC will conduct two administrative rule processes to implement this legislation. The first set of rules will establish the procedures and evaluation criteria that will be used when speed increases are considered. The second process would actually change speeds where appropriate.

The bill also re-ordered statutes to make them easier to understand, allows ODOT to continue to tow vehicles from the right-of-way using authority delegated by the Oregon State Police and authorizes ODOT to enter into public-private research partnerships to develop products for market that can reduce the cost of maintaining and preserving roads, extend the useful life of roads or improve highway safety.

– **Streamlining Agency Rules (House Bill 3120)**

This bill requires the director of the Department of Consumer and Business Services to appoint a 10-member advisory committee to develop criteria for streamlining start agency rules. ODOT will participate in the process to ensure permits required when projects affect the transportation system are reviewed as part of the streamlining process.

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– **Additional Funds for Elderly and Disabled Transportation Services (House Bill 3231)**

This bill increases the fees for identification cards issued by DMV by \$3. The revenue from the increase is transferred to the Elderly and Disabled Special Transportation Fund and will provide an increase of approximately \$1 million for additional transportation services

– **Highway, Rail Bonds (House Bill 3446)**

This bill sets bond limits and allocates lottery-backed bonds for economic activity in Oregon. The ODOT Rail Division received authority for:

- Short Line Credit Premium - \$4 million
- Industrial Rail Spurs - \$8 million
- South Metro Commuter Rail - \$35.5 million

The Highway Division received authority for:

- Transportation Infrastructure Bank – \$50 million
- Highway User Tax Bonds - \$290 million

– **Traffic Speeds in School Zones (Senate Bill 179)**

Revises laws affecting traffic speeds in school zones. The changes make it easier for drivers to understand when they are to drive at lower speeds in school zones. It will increase safety for children going to and from school. Under this change the signs will be posted designating the lower speed and when the speed must be observed.

– **Government to Government (Senate Bill 180)**

Allows ODOT to provide funds for elderly and disabled transportation services to Oregon's federally recognized Indian Tribes. Tribes previously had to apply for funds through counties or transit and transportation districts.

– **Speed Racing (Senate Bill 189)**

Creates a criminal offense for organizing a speed-racing event on a highway. Previously, while speed racing was not legal, the individual who organized the event could not be charged with an offense.

– **DUII with a Minor Present (Senate Bill 348)**

Allows the court to impose a fine of up to \$10,000 when a driver is convicted of DUII with a passenger in the car under the age of 18.

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- **Registration and Title Requirements for Manufactured Structures (Senate Bill 468)**

Transfers the duties related to the administration of manufactured structures (formerly referred to as mobile homes) to the Department of Consumer and Business Services.
- **Highway Cost Allocation (Senate Bill 474)**

Specifies that the Department of Administrative Services is responsible for conducting the Highway Cost Allocation Study. The bill also provides for statutory implementation of the constitutional amendment approved by Oregon voters in November 1999 requiring that cars and trucks pay their appropriate shares for the state's highway system.
- **Access to Highways (Senate Bill 765)**

Allows ODOT to continue to help pay the expenses of property owners when a driveway connecting their property to a state highway is relocated. This provision was set to expire without legislative action. The bill also puts into statute criteria for granting access to state highways now contained in administrative rule.
- **State Agency Permits Affecting Transportation Projects (Senate Bill 771)**

Requires state regulatory agencies to favorably interpret laws and rules to move transportation projects forward. The bill will assist ODOT in working collaboratively with state regulators to identify regulatory stands to streamline the permitting process for transportation projects.
- **Public-Private Partnerships (Senate Bill 772)**

Encourages private sector firms to develop and construct major transportation projects in partnership with ODOT. The bill removes statutory impediments to the creation of partnerships and provides important tools for Oregon public-private transportation projects.

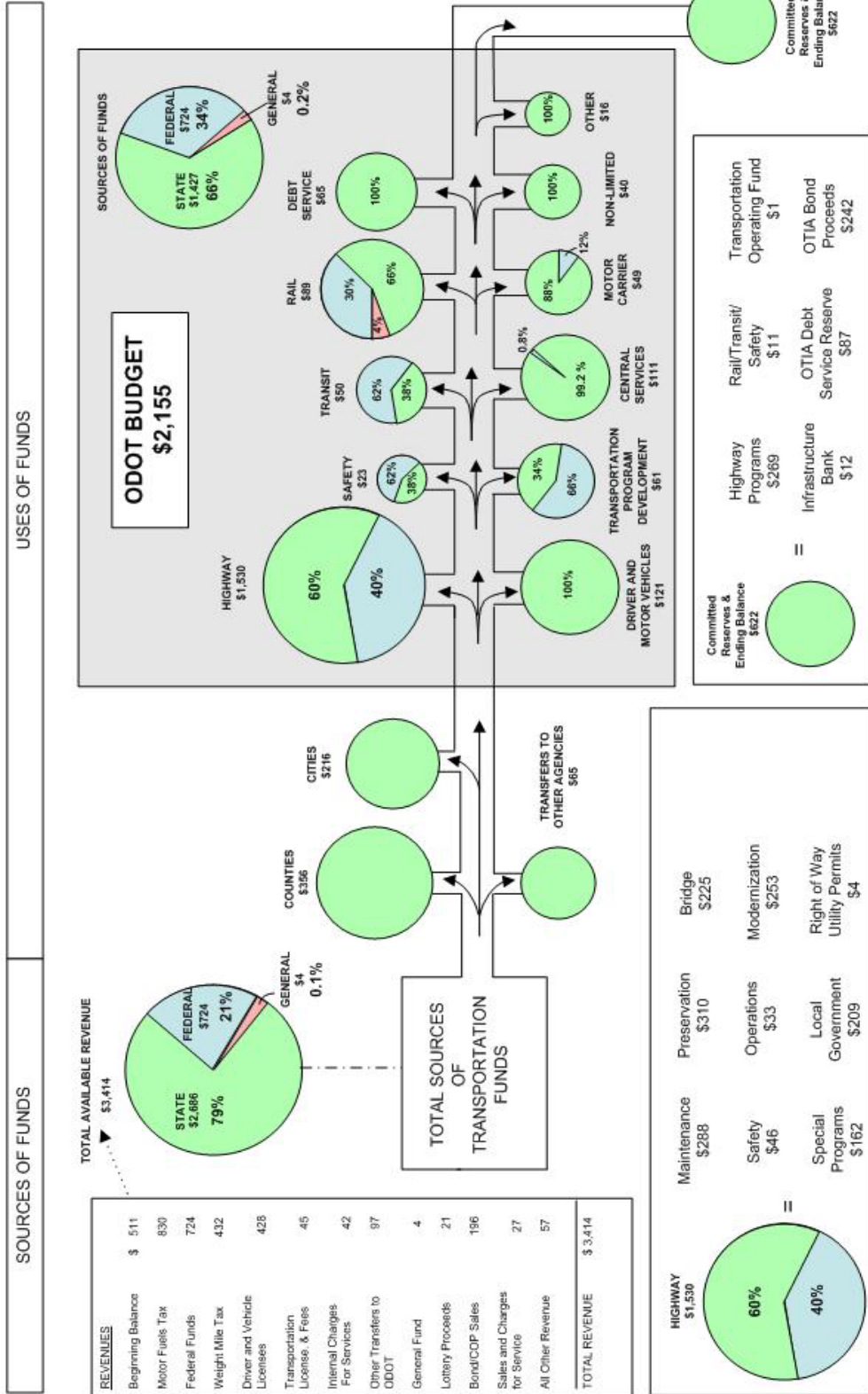
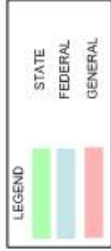
A full listing of all the legislation passed by the 2003 Oregon Legislature is available from the ODOT Government Relations Office, or online at www.odot.state.or.us.

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SOURCES AND USES OF FUNDS

DEPARTMENT OF TRANSPORTATION

2003-2005 Legislatively Adopted Budget
(Millions)



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SOURCES AND USES OF FUNDS

(Dollars in thousands)

	1999-2001 Revenue and Expenditures	2001-2003 Revenue and Expenditures	2003-2005 Adopted Budget
SOURCES			
Beginning Balance	\$ 53,553	\$ 160,643	\$ 510,864
Motor Fuels Taxes	808,578	824,847	830,210
Federal Funds	584,841	671,689	724,405
Weight-Mile Taxes	429,810	390,276	431,876
Driver & Vehicle Licenses	228,689	303,962	428,089
Transportation License & Fees	39,122	31,421	45,080
Internal Charges for Services	30,370	33,973	41,700
Transfers In	51,232	42,541	96,524
General Fund	19,928	17,114	3,915
Lottery Funds	17,630	6,048	21,146
Bond and COP Proceeds	58,515	291,196	195,572
Sales and Charges for Services	25,862	36,844	26,524
All Other Revenue	53,080	75,324	57,162
Mandated Distributions and Transfers Out	(588,953)	(572,621)	(636,356)
AVAILABLE REVENUE	\$ 1,812,257	\$ 2,313,257	\$ 2,776,711
USES			
Highway Division	\$ 1,186,881	\$ 1,268,599	\$ 1,530,556
Driver & Motor Vehicle Services Division	114,975	116,947	121,317
Motor Carrier Transportation Division	38,532	45,999	49,100
Transportation Safety Division	18,442	18,784	22,787
Public Transit Division	23,620	38,780	49,783
Rail Division	27,671	37,431	89,040
Transportation Program Development	53,304	55,380	61,286
Central Services	111,540	103,947	111,086
Board of Maritime Pilots	228	270	205
Debt Service	29,089	67,056	65,340
Capital Improvement & Construction	2,958	3,285	5,130
Non-Limited Programs	44,374	103,497	49,774
TOTAL EXPENDITURES	\$ 1,651,614	\$ 1,859,975	\$ 2,155,404
ENDING BALANCE*	\$ 160,643	\$ 453,282	\$ 621,307

Positions	4,935	4,856	4,693
Full-Time Equivalent (FTE)	4,727.05	4,692.62	4,585.68

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*** ENDING BALANCE DETAIL**

	1999-2001 Actual	2001-2003 Actual	2003-2005 Adopted
Highway Fund	\$ 68,528	\$ 228,780	\$ 310,228
Environmental Quality Fund	3,899	5,049	350
Emerging Small Business	4,174	4,232	4,174
Snowmobile/Winter Recreation Funds	2,233	3,702	2,143
Revenue Bond Proceeds	52,467	168,903	241,788
Public Transit Division	2,947	3,509	3,145
Rail Division	3,508	3,725	2,520
Transportation Safety Division	2,889	5,703	4,956
Lottery Debt Service	7,273	87	
Board of Maritime Pilots	144	82	83
Transportation Operating Fund		1,382	946
Non-Limited Debt Service	257	9,968	38,649
Special City Allotment	158	696	159
High Speed Rail Oil/Governor's Reserve	272	272	272
OTIB	11,894	17,191	11,894
TOTAL	\$ 160,643	\$ 453,281	\$ 621,307

SOURCES OF FUNDS (REVENUE)

Beginning Balance – \$511 million. Estimated 2001-2003 committed reserves and ending cash balance carried forward into 2003-2005. The actual ending balance for 2001-2003 is less than the estimated balance by \$57 million.

Motor Fuel Tax – \$830 million. Includes motor fuel and aviation fuel taxes. Forecasted revenues for 2003-2005 reflects a 0.65 percent increase over 2001-2003 revenue.

Federal Funds – \$724 million. Primarily for Highway Division, with lesser amounts for Transportation Safety, Transportation Program Development, Public Transit, Rail and other programs. Increase in Federal Funds is due to increase in highway STIP projects that are being constructed in 2003-2005 that use federal funds but were obligated during prior periods.

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Weight Mile Taxes – \$432 million. Graduated tax based on vehicle's weight and miles traveled on public roads. The economic slowdown in Oregon and the nation influenced weight miles taxes with negative growth for three years starting in fiscal year 2001-2002. The forecast begins to show a rebound starting in fiscal year 2004-2005. The increase in this line item is the result of increased Weight Mile Taxes the legislature passed during the 2003 session (House Bill 2041). The weight mile tax increase helps finance the OTIA III bridge bonding program. This legislation generated \$46 million for 2003-2005.

Driver and Vehicle Licenses and Fees – \$428 million. Includes driver license fees, vehicle registrations and titling fees for passenger vehicles, buses, trailers, motorcycles, etc. This category contains a large number of fees for various areas, from snowmobile titling to specialty license plates. The increase in 2001-2003 reflects fee increases authorized by the 2001 Legislature: House Bill 2132 (four-year vehicle registration) and House Bill 2142 (OTIA I). The increase in 2003-2005 is due to an increase in vehicle registration passed during the 2003 session (House Bill 2041). The registration increase helps to finance the OTIA III bridge bonding program (along with the Weight Mile Tax increase). This vehicle registration increase, generated an additional \$120 million for 2003-2005.

Transportation Licenses and Fees – \$45 million. Includes truck registrations, vehicle and Sno-Park permits. During 2001-2003 a change was made in how vehicle permits are recorded. They are now being recorded as part of vehicle licensing. This accounting change (in the amount of \$10 million) is reflected in the reduction between 1999-2001 and 2001-2003. The revenue forecast for the 2003-2005 budget continued to forecast this revenue as a transportation license & fee (\$12 million). The remaining increase is due to increased truck registration revenue (\$2 million).

Internal Charges for Services – \$42 million. Includes internal charges for ODOT support areas such as fleet, supplies, photo and reprographic services. There is a \$7.9 million increase in this revenue item between 2003-2005 and 2001-2003. This difference is attributed to the following; Under spending in 2001-2003 (\$4.5 million), increase in 2003-2005 budget (\$0.2 million), miscellaneous Internal Service revenue recorded as Other Revenue in 2001-2003 (\$3.0 million), and increase in Central Services assessment for 2003-2005 (\$0.2 million).

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Transfers to ODOT – \$97 million. These funds include cigarette tax revenue, local government match and participation in highway projects, and Transportation Growth Management program match from Land Conservation and Development. The increase is from local government match on OTIA and STIP projects that are being constructed in the 2003-2005 biennium.

General Fund – \$4 million. Provides funding for the Rail Division’s Passenger Rail program. A significant portion of the reduction in General Fund—between 2001-2003 and 2003-2005—has been backfilled with the Transportation Operating Fund (TOF) and the Environmental Quality Information Fund (EQIF).

Lottery Funds – \$21 million. Legislatively directed debt service for Westside Light Rail, South Metro Commuter Rail and Short-Line Infrastructure Assistance. The increase is due to additional bonds issued for South Metro Commuter Rail.

Bond/Certificates of Participation – \$196 million. Includes proceeds from OTIA bond issuance (\$150 million), South Commuter Rail (\$36 million), Industrial Rail Spur (\$8 million), and Short Line Rail Infrastructure (\$2 million).

Sales and Charges for Service – \$27 million. Includes sale of DMV records, Highway Division miscellaneous services and sale of property, timber and equipment. Increase in revenue is due to a planned increase in permit fees for access management and an increase in property sales.

All Other Revenue – \$57 million. Items in this category include railroad gross revenue receipts (\$3 million), interest income (\$25 million), Infrastructure Bank loan repayment (\$10 million), rent and fines (\$8 million), utility permit fees (\$4 million) and other miscellaneous revenue (\$7 million). The 2001-2003 revenue has \$18 million more than the 2003-2005 Adopted Budget. This can be attributed to the following: Tri-met Fund exchange project (\$10 million), Motor Carrier Fines not included in Revenue Forecast (\$6 million), and Revenue from Damage Claims not included in Revenue Forecast (\$2 million).

Mandated Distributions and Transfers Out – City (\$216 million) and County (\$356 million) from fuels tax, weight mile tax, cigarette tax and licensing. Other State Agencies (\$65 million) including Parks and Recreation, Marine Board, Forestry and Aviation.

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USES OF FUNDS (EXPENDITURES)

Highway Division

The growth in Highway Division programs (seven percent in 2001-2003 and 21 percent in 2003-2005 Adopted) is tied to two bonding programs: the Local Street Network (LSN) authorized by the 1999 Legislature and the 2001 Oregon Transportation Investment Act (OTIA).

Driver and Motor Vehicle Services Division

Since 1999-2001 the growth in DMV programs has been nominal - two percent in 2001-2003 and four percent in 2003-2005 Adopted. The 2003-2005 growth reflects a \$3.4 million increase in State Government Service Charges – PERS debt service, liability insurance, and workers compensation insurance.

Motor Carrier Transportation Division

The 2001-2003 growth (\$7.5 million) is the result of an internal reorganization that transferred the Motor Carrier Audit program from Central Services to MCTD and a 54 percent increase in federal Motor Carrier Safety Assistance Program (MCSAP) fund expenditures.

The 2003-2005 growth (\$3.1 million) reflects continued growth in MCSAP expenditures – primarily to Oregon State Police and a \$1.1 million increase in State Government Service Charges – PERS debt service, liability insurance, and workers compensation insurance.

Transportation Safety Division

What appears to be a 21 percent increase in TSD's 2003-2005 program is actually a Student Driver Training Fund (SDTF) distribution timing issue. Administration of the SDTF was transferred from the Department of Education to TSD effective March 1, 2000. SDTF distributions are made to school districts annually – usually in September. The 2003-2005 increase reflects three payments and 2001-2003 only includes one, instead of two.

Public Transit Division

The 2001-2003 increase is primarily the result of a budget adjustment to reclassify the distribution of Special Transportation Fund revenue from a revenue transfer to a Special Payment (Other Funds increase) and an increase in Federal revenue pay out.

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The 2003-2005 increase is a combination of program enhancements totaling \$4.7 million, 2001-2003 under spending of \$7.3 million carrying forward, and a net \$1 million reduction in General Fund. The detail for each is listed below.

- Program enhancements include: \$1.2 million for Elderly and Disabled Transportation, funded with an increase in the DMV identification card fee; \$2.0 million for Mass Transit Vehicle Replacement, funded with FHWA Surface Transportation funds; and \$1.5 million for Transportation Demand Management, funded with FHWA Surface Transportation funds.
- The 2001-2003 under spending includes \$5.9 million in Federal Funds and \$1.4 million in Other Funds.
- The \$1 million General Fund reduction is net of a \$6.7 million increase (fund shift) in Other Funds revenue – Transportation Operating Fund of \$4.2 million and ID Card revenue of \$2.5 million.

Rail Division

The 2001-2003 increase is a combination of increased Federal revenue pay out (\$7.7 million) and the Short Line Infrastructure Assistance program (\$2 million) – a Lottery Bond funded program authorized by the 2001 Legislature.

The 2003-2005 increase is the result of an expected \$8.2 million increase in Federal revenue pay out and a \$43.6 million increase in Lottery Bond funded projects – South Metro Commuter Rail (\$35.6 million) and Industrial Spur Infrastructure Improvements (\$8 million). The 2003-2005 budget also includes a \$4.9 million fund shift for the Passenger Rail program. The Legislature reduced the program's General Fund and authorized a one-time backfill using Environmental Quality Information Account surplus funds.

Transportation Program Development

The nominal increase in 2001-2003 expenditures essentially represents inflation. An April 2002 \$4.9 million Emergency Board action to complete the consolidation of Highway Planning and the Transportation Development Division programs – creating TPD – was virtually offset by under expenditure in the Special Payments category.

The 2003-2005 increase is primarily the result of the 2001-2003 budgeted Special Payment category level carrying forward – which was under spent by \$4.4 million – and the addition of \$0.9 million for PERS debt service.

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Central Services

The reduction in 2001-2003 expenditures is the result of the 1999-2001 one-time Y2K expenditures (\$5.6 million) and the transfer of the truck tax audit function from Financial Services (\$7.0 million and 57 positions) to the Motor Carrier Transportation Division.

The 2003-2005 Adopted budget is seven percent higher than 2001-2003 expenditures – even though the budget was reduced by \$6.5 million to live within the funding target established for this program area. The 2003-2005 increase is primarily the result of 2001-2003 budgeted Services & Supplies and Capital Outlay category levels carrying forward and the addition of PERS debt service of \$2.2 million. The 2001-2003 Services & Supplies category was under spent by \$5.3 million and the Capital Outlay category was over spent by \$.5 million – for a net of \$4.8 million.

Debt Service

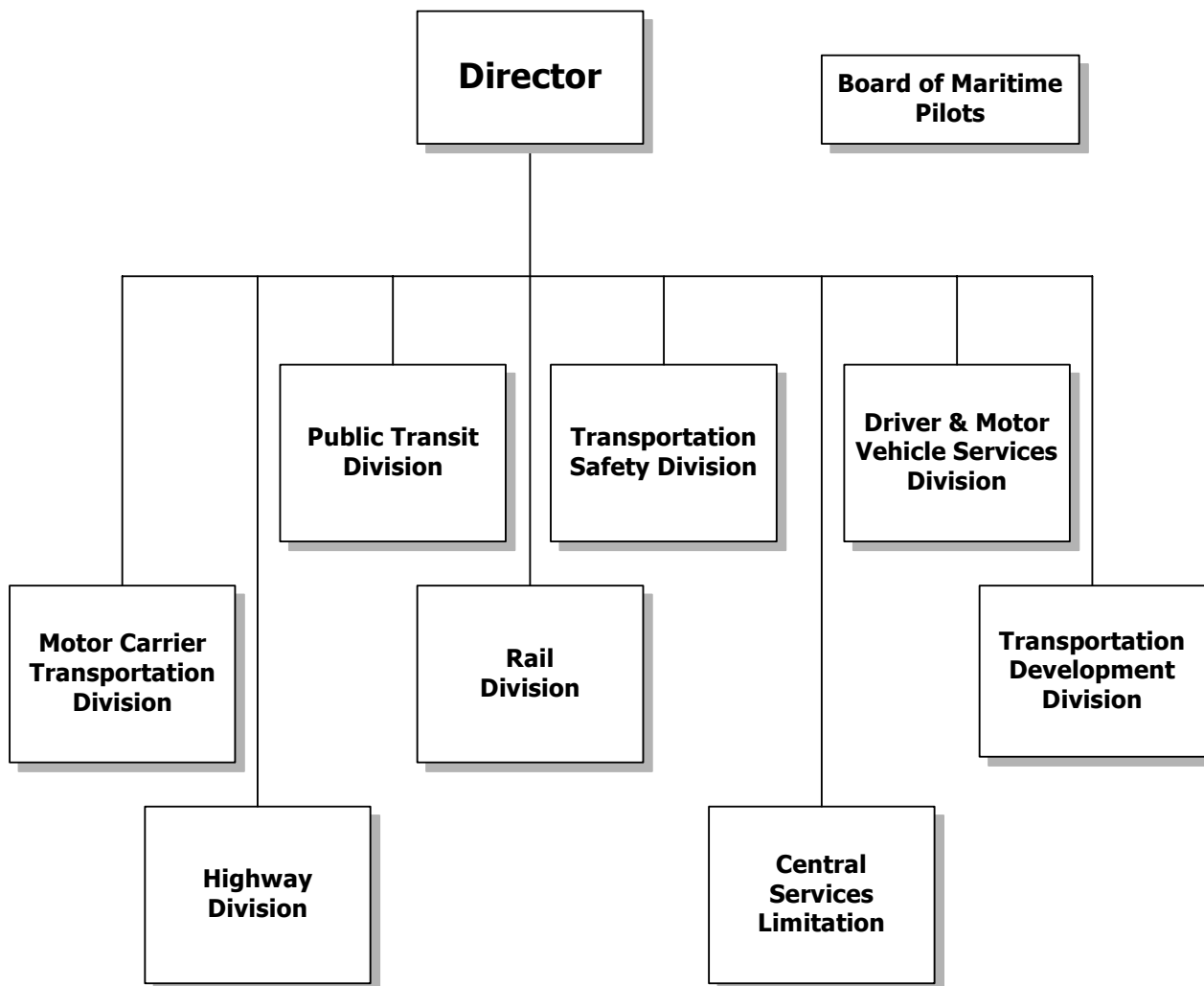
The increase in 2001-2003 debt service is due to the 2001 Oregon Transportation Investment Act (OTIA) bonds issued in 2002. The final payment on the 1997 purchase of roadgraders – financed with certificates of participation (COPs) – was made in 2002, reducing debt service in 2003-2005.

Non-Limited Programs

During the 2001-2003 biennium new bonds were issued – to take advantage of lower interest rates – to pay off the 1994 Westside Light Rail bonds. This is referred to as “refunding”. The increase 2001-2003 (and the corresponding decrease in 2003-2005) reflects the new bond proceeds being paid out to retire the 1994 bonds.

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Oregon Department of Transportation Organization Chart



Note: The Board of Maritime Pilots is included in the ODOT budget for administrative purposes.

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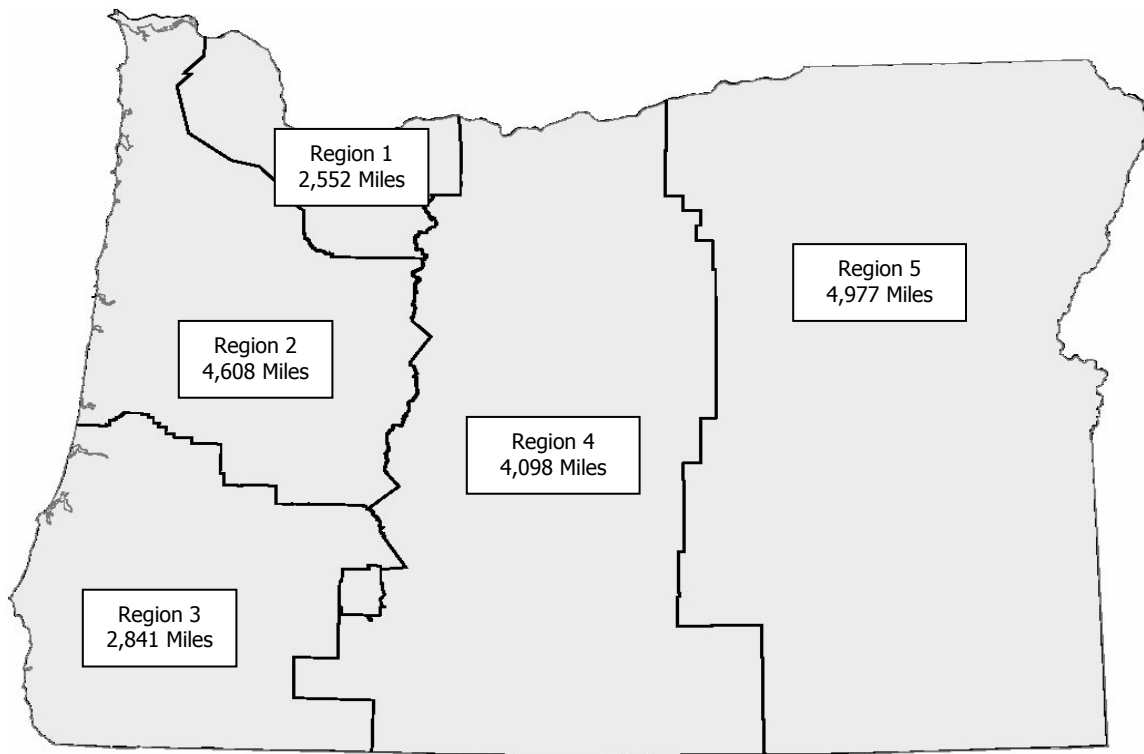
Highway Division

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HIGHWAY DIVISION

ODOT operates and maintains over 8,000 miles of highways, frontage roads and ramps in every corner of Oregon. The highway system is as diverse as the state itself. It ranges from six-lane, limited-access freeways with metered entrances in the Portland area to a graveled state highway from Prineville to Brothers. Oregon's economy and industries - including agriculture, timber, tourism, and technology - all depend on a sound highway system.

Oregon has more than 82,000 miles of roads owned by federal, state, county, and city governments. State highways make up less than 10 percent of total road miles, but carry 61 percent of the traffic more than 56 million vehicle miles a day. More people are driving more cars more miles than ever before, on the same highways, streets, and roads. Despite a 24 percent increase in driving during the past 10 years, Oregon's road mileage grew only 2 percent. About 73 percent of commuters drive alone to and from work. Congestion is getting worse, especially on urban freeways.



8,067 highway miles

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A strong economy needs good highways. State highways link producers, shippers, markets, and transportation facilities. Over 3,700 miles of Oregon roads are designated as National Highway System routes, both rural and urban, because they play an essential role in the state's economy. They give access to airport freight services, ports, and many other kinds of transportation facilities.

Commercial trucks rely on state highways for both short- and long haul freight movements. Annually, trucks travel more than two billion miles and move an estimated 250 to 300 million tons of goods on Oregon Highways. Many state highways, especially heavily traveled routes and urban-area highways, are built to support alternative modes. Special features include bicycle and walking paths, transit stops, bus pullouts and shelters, and park-and-ride lots. Intercity buses, transit buses and vans, car pools, motorcycles, bicycles, and pedestrians also use highways. Electric, gas, telephone, and other utility lines use highway right-of-way.

HIGHWAY DIVISION PROGRAMS

The Highway Division consists of two major program areas: Maintenance and Construction. A detailed description of each program follows.

Maintenance Programs

Construction Programs

- STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM (STIP):
 - Preservation**
 - Bridge**
 - Modernization**
 - Highway Safety**
 - Highway Operations**
- LOCAL GOVERNMENT PROGRAM
- SPECIAL PROGRAMS

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HIGHWAY MAINTENANCE

Highway maintenance includes the routine daily activities of keeping up, preserving, repairing or restoring existing highways to keep them safe and usable for travelers. Highway maintenance may include replacing what is necessary to keep highways safe (such as signs, pavement markings and traffic signal components), but generally does not include road reconstruction. There are two types of general highway maintenance functions: reactive and proactive.

REACTIVE: If it breaks, fix it. These activities most often fix an existing problem or concern. This type of highway maintenance is incident-driven.

PROACTIVE: Spend now to save later. These activities include inspection, upkeep, preservation or restoration to prevent problems or damage to highways or other highway-related infrastructure and to reduce life cycle costs. This type of highway maintenance considers the amount of the benefit versus the cost.



Highway maintenance also includes maintaining the buildings and equipment used by ODOT employees. ODOT's maintenance offices are a visible presence in communities throughout Oregon. They serve as local points of contact for the public for questions about state highways, requests for special highway-use permits and general maintenance information.

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HIGHWAY MAINTENANCE PROGRAMS

– **SURFACE REPAIR**

Surface repair activities include sealing cracks to keep water out, filling potholes, digging out and replacing small sections of pavement that need repair, and overlaying larger portions of failed pavement.

– **DRAINAGE**

Drainage activities remove water – a significant danger – from roads. Water trapped under pavement can cause roads to fall apart quickly. Water trapped in hillsides can cause slides that block roads. Drainage includes cleaning and shaping ditches, cleaning and repairing culverts, and restoring vegetation on slopes to limit erosion.

– **ROADSIDE AND VEGETATION**

Roadside and vegetation activities include rebuilding and smoothing shoulders to correct drop-offs from the pavement edge, sweeping debris, fixing access-control fences, removing hazardous trees and clearing roadside weeds and other vegetation that could block visibility. Additional activities include maintaining access to sidewalks and bike paths, removing litter, repairing damage due to vandalism, maintaining landscaping and rest areas and installing sidewalk wheelchair ramps.

– **SNOW AND ICE**

Keeping roads open in winter conditions involves plowing snow, sanding for increased traction and applying environmentally friendly anti-icing chemicals.

– **BRIDGE MAINTENANCE**

Bridge maintenance activities include cleaning, spot painting, patching and removing debris from bridge piers and fixing deck substructures or superstructures. This program also includes drawbridge operations.

– **TRAFFIC SERVICES**

Traffic Services activities guide drivers to keep traffic moving or keep vehicles from straying into oncoming traffic or off the road. It involves marking traffic lanes, fixing and replacing signs, repairing traffic signals and ramp meters, replacing light bulbs, cleaning and replacing sight posts, and straightening or replacing guard rails, and barriers.

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– **EXTRAORDINARY MAINTENANCE/DAMAGE**

Maintenance crews respond as quickly as possible to unplanned incidents that close roads or restrict traffic, in order to reopen or protect roadways from extraordinary damage. Crews also work to open roads blocked by storms or other natural events not large enough to be included in emergency maintenance.



Salmon River Highway 18, on the way to the coast; 200 to 300 feet of damage;

– **EMERGENCY RELIEF**

Highways may suffer serious damage from natural disasters, such as floods and earthquakes. The Emergency Relief program provides for repair and restoration of highway facilities to pre-disaster conditions. All repair work is classified as emergency and permanent. Emergency repairs are those activities during and immediately after a disaster to restore essential traffic, minimize damage or protect remaining facilities. Mostly state forces perform this work, with additional support from outside contractors. Permanent repairs restore the highway to its pre-existing condition and are mostly contracted out.

Congress created an emergency fund to repair or rebuild highways, roads and trails that suffer serious damage from natural disasters, such as earthquakes and floods. The Federal Highway Administration Emergency Relief program supplements state resources to help pay for unusually heavy expenses on federal aid highways and roads on federal lands resulting from extraordinary conditions. Most of Oregon's state highways are on the federal-aid system. Application for FHWA-ER funds requires a declaration of emergency by the governor. Damage must generally exceed \$700,000 for a single event.

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– **FACILITIES**

ODOT manages department maintenance offices, region and central office buildings, shops, yards, and storage sites statewide. Facilities services include statewide Americans with Disabilities Act program management; lease negotiations and coordination; office space planning and allocation; and building maintenance, repair and improvements.

– **FLEET PURCHASE AND REPAIR**

ODOT owns and repairs the light and heavy equipment used for highway maintenance. Maintenance purchases the fleet equipment used in maintenance activities.

– **RADIO COMMUNICATIONS**

The Communications Unit provides radio communications systems, products, maintenance and repair services for maintenance crews and construction project managers. These radio systems support the daily operations of highway maintenance and construction office crews. These systems have experienced substantial growth, which is expected to continue.

HIGHWAY CONSTRUCTION PROGRAMS

Highway Construction consists of the activities that support the design and construction of projects and the operation of the highway system. These activities are included in the Statewide Transportation Improvement Program, which includes the Preservation, Bridge, Modernization, Highway Safety, and Highway Operations programs. Construction programs also include the Local Government Program and Special Programs. A description of the STIP and how projects are selected is included in Appendix A.

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– **PRESERVATION PROGRAM**

Pavement preservation projects, such as asphalt overlays, add useful life to a road without increasing its capacity.

Preservation projects rehabilitate existing surfaces and extend their service life. ODOT has adopted a pavement preservation program designed to keep highways in the best condition at the lowest lifecycle cost. The program focuses on taking preventative measures to add useful life to a road before the pavement reaches poor condition.



The primary reason for this focus is that the cost of treating a pavement in poor condition can be four to five times greater than the cost of treating a pavement before it reaches poor condition. The most cost-effective approach is to resurface highways while they are still in a condition that requires only relatively thin paving.

The goal for pavement condition as stated in the 1999 Oregon Highway plan is to maintain the statewide condition at 77 percent fair or better. As a result of OTIA funded preservation projects and Maintenance funded low volume road projects (mainly chip seals and thin treatments), the current fair or better condition is 84 percent. The condition rating should stay relatively flat and then decline slightly in 2008 – 2010.



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– **BRIDGE PROGRAM**

This program preserves the more than 2,600 bridges and other highway related structures on the state highway system. A large number of bridges are nearing the end of their design life and need repair or replacement. ODOT uses its Bridge Management System to help with long-range planning and analysis for preserving the bridge system.

To predict bridge needs and to protect public safety, ODOT inspects all bridges at least every two years. Bridge staff uses the results of the inspections to develop programs for bridge maintenance, major rehabilitation and replacements. ODOT then identifies projects for inclusion in the STIP.



**Structural deficiencies on the deck
affect load capacity on the
76-year-old Old Winchester Bridge.
(North Umpqua River in Douglas County)**

BRIDGE PRIORITY ACTIVITIES

- **Repairing structural deterioration**
Restores the service level by upgrading the deficient features on the structure such as superstructure, substructure, footing and deck.
- **Major bridge painting projects**
Preserves the structure investment by decreasing the risk of corrosion and loss of capacity.
- **Raising bridges to increase vertical clearance**
Improves safety by raising bridges (especially those with collision damage) to current clearance standards.
- **Repairing and preventing streambed erosion near bridges**
Improves safety to the traveling public by safeguarding structures against collapse from loss of foundation support due to streambed erosion.

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- **Protecting bridges from earthquake damage (seismic retrofits)**
Preserves the structure investment by enhancing the structure's ability to resist seismic forces.
- **Repairing and protecting bridges against corrosion damage**
Preserves the structure investment by using special methods to decrease the risk of corrosion damage and loss of capacity.
- **Upgrading electrical and mechanical systems in movable bridges**
Preserves the structure investment by replacing outdated equipment used to operate the movable span portion.
- **Making safety improvements**
Improves safety by upgrading features, such as installing new railings, making bridges wider and safer and installing protective fencing.

BRIDGE ISSUES

Most Oregon are designed to be replaced after about 50 years, and the state has more than 350 bridges that are nearing the end of their planned use. These bridges were not built to be maintained indefinitely, nor were they designed for today's weights, volumes and traffic speeds. Insufficient investment over many years has prevented the bridges from being replaced on schedule. As a result, the average age of Oregon's bridges is 39 years, and 20 percent are more than 50 years old. A growing number of them are in need of load restrictions and emergency repairs.

Cracks can develop as bridges grow older under increasing stress. ODOT has to consider placing weight restrictions for heavy trucks to ensure public safety when inspections show increased cracks over a short period of time. Because trucks deliver needed goods to every community in Oregon, these weight restrictions can affect Oregon's economy through higher shipping costs, delays and significant local impacts.

Oregon's bridge problem has the potential to cost the state economy as much as \$123 billion in lost production and 88,000 lost jobs over the next 25 years. ODOT is exploring options to avoid these impacts. To address this issue the 2003 Oregon Legislature worked with the Governor to provide \$1.3 billion for the repair and replacement of bridges on the state highway system. While additional funding will be needed the most critical freight routes can be addressed.

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– **MODERNIZATION PROGRAM**

The Modernization Program funds capital construction projects that add capacity to the system, either by adding lanes or building new facilities such as bypasses. ORS 366.507 requires ODOT to dedicate roughly \$51 to \$54 million per year for highway modernization work.

Modernization projects are typically identified, selected and prioritized according to numerous factors and considerations including safety, potential land use impacts, modal integration, congestion, public support, environmental resources and impacts, cost relative to benefit, and economic impacts.

In recognition of the need to focus funds on preserving the state's existing infrastructure, the OTC has reduced the Modernization Program to the minimum level allowed under the law. As a result, few new modernization projects have been considered over the last several years. The exception is the \$200 million Modernization Program funded through OTIA.

During the 2003 Legislative session authorization to bond existing revenues made additional funds available during the next few years. However, as the debt service on the bonds is paid, additional funding will need to be identified to fund highway modernization needs.

– **HIGHWAY SAFETY PROGRAM**

The primary purpose of the Safety Investment Program is to identify where the most serious crashes occur on the state system and apply the most cost-effective measures to reduce the number. The Oregon Highway Plan states the objective in terms of a reduced traffic fatality rate. The goal is to reduce fatalities to 0.99 per 100 million vehicle miles traveled by the year 2010. The 2002 rate was 1.26, up from 1999's rate of 1.19, but still well below 1998's rate of 1.68.

The SIP enables the department to balance the needs of two critical transportation facilities elements-safety and pavement preservation-and provide the most cost-effective means of reducing fatalities and serious injuries on the state highway system.

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The objective of the SIP program is to maximize the impact (in terms of crash reduction) of money spent on highway safety by targeting expenditures where they are most cost-effective. This is accomplished with a strategic approach. First, five-mile sections of the state highway system, called SIP segments, are categorized by the number of fatal and severe crashes during a three-year period. Second, when selecting projects to be included in the STIP, the SIP category of the section is considered. For roadways without a history of fatal and serious injury crashes, minimal safety upgrades are included in the project. Highways with greater crash frequency receive more investment in safety improvements, often in stand-alone safety projects.



Data used to identify problem areas comes from an annually updated, site-specific, Safety Priority Index System which shows accident history by milepoint. Additional information is available through a software program that allows users to analyze the SIP segments for potential safety improvements using engineering countermeasures.

— **HIGHWAY OPERATIONS PROGRAM**

ODOT operates and maintains over 8,000 miles of highways in Oregon and faces pressures of a growing population (more than 20 percent from 1990 to 2000). Oregon will continue to grow by more than one million people during the next 20 years. Vehicle miles traveled is also growing. These pressures require a transportation system that is efficient and responsive to increasing demands.

The Operations Program supports projects that improve the efficiency of the transportation system through the replacement of aging operations infrastructure and the deployment of projects and new technology to meet increased system demand. This program consists of four categories: Slides and Rockfalls, Intelligent Transportation Systems, Signs, Signals and Illumination, and Transportation Demand Management.

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1. Slides and Rockfalls

Many factors are used to prioritize landslide and rockfall projects, including the hazard to the travelling public, annual maintenance costs, the number of trips on the highway, input from department district personnel, and the ODOT Rockfall Hazard Rating System. Currently there are about 500 high-priority slide and rockfall areas affecting the state highway system. These sites pose a significant hazard to the travelling public and affect the efficiency and preservation of the transportation system. An additional 789 low to medium hazard areas exist.

The aging infrastructure and natural weathering process contribute new unstable slopes every year.

2. Intelligent Transportation Systems

Intelligent Transportation System (ITS) investment represents strategic deployment of technology to solve transportation problems in the most cost effective way. The ITS Program currently has four major initiatives:

- **Urban Traffic Management** projects are targeted primarily at solving problems related to traffic congestion. An Advanced Traffic Management System, such as Portland's, provides an effective means to monitor the highway system, quickly detect problems, and manage existing highway capacity more effectively. These systems help to reduce travel times for commuters and make travel safer. For example, introduction of ramp metering in Portland increased peak-period travel speeds and reduced accidents by 43 percent on I-5. Effective traffic management also contributes to lessening auto emissions and fuel consumption.
- **Rural ITS** projects use advanced technology to benefit motorists outside of Oregon's urban areas. The main focus of Rural ITS projects is to increase the safety of travelers. Highway cameras, variable message signs, warning systems (such as high wind or high water) and road weather information systems provide the information that motorists need to make better travel decisions, particularly in the winter. These projects also support more efficient operation and maintenance of rural highways.
- **Travel Information Services** provide a means for delivering critical information to motorists.

Urban motorists can make better commuting choices based on information from ODOT's web site, TripCheck.com. Rural travelers can use the site to select safer routes and avoid adverse weather and road conditions. During the last year, average monthly site visits topped 600,000.

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The 511 system – the national three-digit traveler information phone number – was implemented in Oregon in December 2003. This system provides a single, easy to remember and nationally consistent phone number to access traveler information. Oregon’s system set a new record for monthly call volume in December 2003 by handling 641,639 calls and set a national single day call volume record by handling 43,078 calls on January 6, 2004.

- **ITS for Public Transportation**, also found at TripCheck.com, is a new program which aims to provide comprehensive, high quality information to public transportation users. The overriding goals are to increase mobility of Oregonians and to increase accessibility of public transportation options. Lack of current information has been identified as a major obstacle to people using public transportation services.

ITS investment is most effective when considered from a system perspective versus the individual roadside device perspective. For example, a single ramp meter on a freeway often improves the point where vehicles merge into the traffic flow but cannot offer appreciable benefit to the entire freeway system. However, a series of ramp meters that adapt to current traffic conditions can cost-effectively provide a high benefit to the system.

3. Signs, Signals and Illumination

The Operations Program pays for replacement of traffic signal, signal interconnect projects, vehicle detection loop replacement, beacons and signal timing adjustments; signs; and illumination systems that reach the end of their useful lives. It also funds a limited number of upgraded or new signal projects at problem intersections.

4. Transportation Demand Management

Transportation Demand Management (TDM) programs focus on strategies that encourage the use of alternative forms of transportation. The goals of TDM are to reduce vehicles miles traveled, reduce traffic congestion, improve air quality, enhance mobility, and make the existing transportation system more efficient. ODOT funds TDM programs in Albany, Bend, Corvallis, Eugene, Medford and Salem. In addition, Portland has a large TDM program. The programs are showing progress in reducing the number of vehicles on Oregon's roads.

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– **LOCAL GOVERNMENT PROGRAM**

Transportation in Oregon is a cooperative effort involving all levels of government. Together with local partners, ODOT has made an extensive study of Oregon's roads, highways and bridges. The information gathered helps identify and establish priorities for road and bridge needs of each responsible agency. The agencies address these priority needs subject to the allowed uses of available funds.

ODOT continues to share funding based on the priority needs. Because ODOT is responsible for administering all federal funds supporting highway construction in Oregon, all local expenditures related to federal highway programs are included in ODOT's budget. About 25 percent of the federal funds that come to Oregon support local programs. Local Government Programs include: Fund Exchange, Special City Allotment, and Federal Aid Programs.

▪ **Fund Exchange**

The state will make funds available to individual cities and counties for the exchange of flexible federal funds. The amount of funds available for exchange is determined annually. Exchanging federal funds for state funds helps local agencies avoid complicated federal contracting regulations. Exchanged funds may be used for all phases of a specified capital improvement within the roadway right-of-way, but are not intended for maintenance.

▪ **Special City Allotment**

The Legislature mandated \$1 million in state gas taxes to be distributed annually among cities with populations of less than 5,000. ODOT sets the distribution and dollar amount by agreement with the League of Oregon Cities. Half of the funds come from the cities' share of gas tax revenues and the half comes from ODOT's share of the State Highway Fund. Locals can receive \$25,000, one-half the maximum grant amount, up front, with final payment due upon completion of the project. Payments are included in the expenditure budget for Local Government in the Highway Program. (Note: A similar program exists for small counties. However, funds are transferred directly and are not contained as a budget expenditure.)

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- **Federal Aid Programs:**

- **Surface Transportation Program**

- The Surface Transportation Program (STP) provides federal funding to states and local governments which can be used for highways, bridges, transit, or rail projects. Under provisions of the program, urbanized areas 200,000 and above receive an annual allocation of STP funding based on their populations. Under an agreement developed in cooperation with Oregon cities and counties, ODOT shares a portion of its yearly STP funding with local governments with populations above 5,000 and less than 200,000.

- **Local Bridge**

- The distribution of federal bridge funds to states is based on the percent of deficient bridges nationwide. Under an agreement with Oregon counties, ODOT allocates the federal bridge funds to local governments based on their percentage of deficient bridges in Oregon. Bridges are inspected every two years, to determine which bridges are deficient. In 2003 the Legislative session an additional \$300 million was made available through bonding to address critical bridge needs at the city and county level.

- **Congestion Mitigation and Air Quality**

- The Congestion Mitigation and Air Quality (CMAQ) program directs funds toward transportation projects and programs in Clean Air Act non-attainment or maintenance areas for ozone and carbon monoxide. These projects and programs must contribute to attaining a national ambient air quality standard. Federal funds are allocated only to areas not meeting Department of Environmental Quality air-quality standards.

- **Transportation Enhancement**

- Local governments and other public agencies can apply for enhancement funds on a competitive basis. See Special Programs for general information about the Transportation Enhancement program.

- **Discretionary**

- Through ODOT, local governments can apply for and receive federal discretionary funds such as Scenic Byways, Emergency Relief, Covered Bridge, and special congressional earmarks.

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Metropolitan Planning

A portion of federal funds is set aside for Metropolitan Planning activities. Federal planning funds are allocated based on urbanized population. Metropolitan Planning Organizations use the funds to develop long-range transportation plans and transportation improvement programs.

Other Local Government Programs

Occasionally some local governments contract with ODOT to develop and construct their projects. These projects are funded entirely with local funds.

– **SPECIAL PROGRAMS**

▪ **Forest Highway Program**

The Forest Highways Program provides federal funding for transportation projects on roads that are located within or provide access to national forests. The Federal Highway Administration administers the program and generally is responsible for the development and construction of projects. Projects to be funded in Oregon are selected by a committee composed of representatives from FHWA, the U.S. Forest Service, ODOT and Oregon counties.

▪ **Statewide Enhancement**

Federal Transportation Enhancement funds may be used for specific activities that enhance the cultural, aesthetic, or environmental value of the transportation system. The majority of Oregon's Transportation Enhancement funds have been used for pedestrian and bicycle facilities. Projects also involve transportation-related historic preservation, acquisition of scenic easements, landscaping and scenic beautification, and mitigation to reduce water pollution due to highway runoff. Projects are selected based on applications from local governments and other public agencies.

▪ **Salmon and Watersheds**

ODOT sets aside \$3 million dollars per year to fund the Fish Passage Program, which repairs or replaces culverts that do not currently provide fish passage. This program supports the department's commitment to The Oregon Plan for Salmon and Watersheds. To date, 51 sites have been addressed, opening up more than 175 stream miles.

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ODOT has pioneered efforts to incorporate fish passage into highway construction, including improvements to habitat around in-water structures and more fish friendly bank repairs. Through this program, the department is learning how to better apply the technology available for fish, animal passage, and habitat. It is no longer enough to design just for hydraulic efficiency alone. Design must balance of hydraulic needs and the needs of fish and animals. This is being accomplished while serving the needs and safety of the motoring public.

▪ **Pedestrian and Bicycle**

State law (ORS 366.514) requires ODOT, cities and counties to spend reasonable amounts of their share of the State Highway Fund (but not less than 1 percent) on footpaths and bicycle trails. To fulfill this requirement, ODOT generally provides appropriate sidewalks and bikeways when modernizing a roadway. The most common way to accommodate bicyclists is on paved highway shoulders, which are sometimes marked as bike lanes in urban areas. ODOT also constructs stand-alone pedestrian and/or bicycle improvement projects, such as:

- Filling in missing gaps of sidewalks.
- Creating island and curb extensions to make pedestrian crossing easier and safer.
- Performing Americans with Disabilities Act upgrades.
- Providing minor shoulder widening or re-striping for bicycle lanes.

ODOT also has a local assistance grant program for these types of improvements. In this program, local governments compete for funding for projects that are the highest priority in their community. ODOT and local governments share the costs of these projects.

▪ **Local Street Network**

Local Street Network (LSN) projects are designed to relieve pressure on the state highway system by directing local traffic to local roads and improving the flow of through traffic on the state highways. LSN projects accommodate downtown or community center development patterns, support access management on local streets or improve freight effectiveness. The projects are on local system constructed by local governments. The LSN projects are funded through bond proceeds approved by the 1999 Legislature.

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▪ **Immediate Opportunity Fund (IOF)**

The Immediate Opportunity Fund supports primary economic development in Oregon. It does this by building and improving streets and roads in strategic locations. The IOF only funds strategic projects that require a quick response and commitment of funds because other sources are unavailable or insufficient. It is not a substitute for other funding sources. The IOF is a discretionary program. The maximum amount available for a single project is \$500,000. Starting in 2002, all new IOF projects will be represented in the Modernization Program.

▪ **Jurisdictional Exchange**

ODOT has identified over 1,000 miles of state highways that primarily serve local purposes. These include urban arterials serving mostly local travel, urban streets that are parallel to highway bypasses, and roads that function like county roads. Through negotiated agreements, ODOT will transfer jurisdiction of these highways to local governments. The agreements may include the cost to maintain or improve the facility based on the condition of the highway at the time of transfer.

▪ **Indirect Costs**

All non-direct costs that are not administrative are indirect. Examples include:

- Office expenses.
- Facilities costs (building rent, repairs, etc.).
- Training and education.
- Work planning and other supervisory activities.
- Clerical support.
- Service contracts.
- Computer entry of payroll, utility, vendor payments.
- Crew team meetings.
- Safety meetings.
- Small increments of time spent working on individual projects or services.
- Project Indirect.

Certain crews throughout the department perform “direct” work (work on specific highway projects), but it is not cost effective to charge these costs to direct expenditure accounts for various reasons. Therefore, these costs are “project indirect” by definition. They are indirect costs but captured separately from normal support and administrative indirect costs for identification, analysis and

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future consideration of accounting classification. For example, if an employee works on four projects in a half-hour period, it may not be cost effective to break down the time to charge to the various projects. Examples include:

- Quality assurance/quality control for construction projects.
- Federal-aid specialist administration of the local federal aid program.
- Securing federal authorization of project work.

Non-direct activities are also needed to support the development and delivery of the highway project. Examples include:

- Standards and Specifications, which includes labor and supplies for preparing general specifications and plans not related to a specific project.
- Standard drawings, manuals, local agency support, and contract plans development guides.
- Reviewing traffic investigations, requests for additional or modified traffic control devices and development proposals.
- Consultation with field personnel on engineering matters not specific to a particular project.

▪ **Administrative Costs**

Administrative costs are costs necessary for the management, supervision and administrative control of the agency. ODOT administrative costs include all costs associated with the following organizational units:

- Executive Deputy Director for Highway, and related support staff.
- Division and Region Managers and one level below (District Managers, Area Managers, Section Managers, etc.) and related support staff.
- Certain non-job related time is charged to the branch administrative expenditure accounts including Association of Engineering Employees of Oregon/Oregon Public Employees Union contract negotiations and clerical support for administrative activities.

▪ **Civil Rights**

The Office of Civil Rights manages ODOT's federally mandated affirmative action programs, included are:

- External affirmative action: Technical help for project management staff, contractors, and other stakeholders.

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- Disadvantaged Business Enterprise Program: Encourages participation in federally funded construction projects by businesses owned by women and minorities. ODOT sets participation goals for each project up to 15 percent, depending on the project size, location, and subcontracting opportunities.
- Emerging Small Business: Helps emerging small businesses to participate on state-funded construction projects without regard to race or gender.

▪ **Surplus Property**

ODOT purchases land for highway rights-of-way. Some of this land lies outside the final right-of-way set by project designs, thus becoming non-operating right-of-way. In addition, federal law requires ODOT to offer to buy excess property if it is no longer of value to the owner, which also becomes non-operating right-of-way. ODOT classifies non-operating right-of-way as “surplus” when it has no present or future use to the department. The program includes leasing and selling surplus property. All revenue from sales, leases and land use permits returns to the State Highway Fund.

▪ **Outdoor Advertising**

This program administers and enforces state and federal regulations related to outdoor advertising control along state highways in Oregon. The program also collects permit and license fees that cover the cost of the program.

▪ **Utility Relocation**

Utility relocation applies to non-project specific expense relating to the relocation of utilities on construction projects.

▪ **Reimbursables**

This category of expenditures is designed to cover ODOT work that will be paid for by other parties, such as:

- Damage to structures: Recovers costs for repairs to highway facilities, such as signs, guardrails and crash-absorption devices damaged in crashes.
- Fuel sales: Allows ODOT to buy fuel and resell it to other state agencies to take advantage of favorable price agreements that the department negotiates.
- Outside billings: Allows ODOT to bill for services provided to public agencies, private citizens and businesses.

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- Management home purchase: ODOT occasionally buys and sells real estate when it transfers management service employees far from their present homes.

- **Intelligent Transportation Systems (ITS) (System Operation and Management)**

The following innovative applications of technology improve the safety and efficiency of the transportation system.

- Operations support systems, which include weather information systems to improve winter maintenance decisions and remotely operated signs.
- Travel information systems, carried under the Tripcheck.com banner, enable better travel decisions about route and mode choices and peak travel periods.
- Advanced Traffic Management Systems include ramp metering, closed-circuit television surveillance, vehicle detection systems, bus priority systems and other systems designed to monitor, respond and adapt to current traffic conditions.
- Transportation operations centers which monitor system conditions and provide communications and coordination between ODOT crews and between ODOT and other agencies. Operations centers also provide information to the public through travel information systems and variable message signs.
- Incident Management is the rapid detection of and response to incidents. Incident Management reduces incident duration and aids highway system efficiency through the use of technology to improve incident response coordination, incident traffic management and information for travelers.

- **Sno-Park Program**

The 1977 Legislature created the Sno-Park program to pay for snow removal from designated winter recreation area parking locations. Revenue for this program comes from selling Sno-Park permits and may be used for snow removal in designated parking areas and for enforcing the parking permit requirement. Remaining funds may also be used to develop and maintain winter parking areas or may be carried over to the next year.

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▪ **Snowmobile Facilities**

The Snowmobile Program develops and maintains snowmobile facilities. Revenues come from registration fees and fuel taxes attributed to snowmobile use. This program also receives at least 10 percent of the money attributed to Class I ATVs (motorized off-highway recreational vehicles).

ODOT administers the Snowmobile Program through an agreement with the Oregon State Snowmobile Association. Program funds may be used only for development and maintenance of snowmobile facilities, including buying land, registration enforcement, and operation and equipment requirements.

▪ **Utility In Right-of-Way**

Utilities are allowed to be in the state highway right-of-way (ROW) free of charge. However, utilities are required to get permits and coordinate with ODOT when they are located on state highway property. In addition, when highway projects require utilities to relocate, utilities must pay the cost of the relocation expenses.

ISSUES/TRENDS

- The highway infrastructure, including pavements, bridges, and traffic control systems, continues to age, and therefore requires a larger share of ODOT's revenue and more maintenance. As the infrastructure ages it becomes more difficult to keep up with the growing costs through efficiency gains.
- Oregon is expected to grow by about 800,000 people by 2020. Seventy-two percent of this growth will occur in the Willamette Valley (Portland to Eugene). Growth puts more stress on already crowded highways and bridges.
- Increased vehicle travel causes safety concerns, not only for drivers, but also for highway employees and contractors in work zones.
- Growing demand for driveway access to state highways create congestion, slows traffic and increases safety concerns for both vehicles and pedestrians.
- Oregon's population is aging. Ensuring mobility for older citizens requires creative solutions, such as innovative traffic control devices (more visible pavement markings, traffic signal displays, signing, etc.).

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- Strategies must be found to help Oregon meet long-term highway revenue needs.
 - Environmental concerns are requiring changes to practices and additional work to accomplish traditional activities.
-

PERFORMANCE MEASURES

– **Number of Jobs Sustained**

The number of jobs sustained as a result of construction contracts. Based on 18.48 jobs for every \$1,000,000 of Contractor Payments.

2000 – 5,045

2001 – 4,713

2002 – 3,991

2003 – 7,068

2004 – 8,306 *

2005 – 8,306 *

** Expected based on STIP projects.*

– **Percent of Pavements in Fair or Better condition**

Pavement Condition ratings are now conducted on a biennial basis.

2001 – 81%

2003 – 84%

2005 – 85% to 86% *(Expected based STIP projects)*

Note: Pavement conditions in 2003 were at 84 percent fair-or-better statewide. The gains made since 1999 are the result of several ODOT actions. The Low-Volume Road Program is responsible for four percent of the six percent improvement since 1999. However most of these improvements are short-term treatments, such as thin overlays or chip seals. OTIA I and II improved conditions on certain regional and district level highways significantly. Several interstate projects were advanced in the program, such as the Banfield freeway and I-84 near Pendleton and La Grande.

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– **Percent of Non- Deficient Bridges**

- 2000 – 71%
- 2001 – 71%
- 2002 – 69%
- 2003 – 68%
- 2004 – 68% *
- 2005 – 67% *

** Expected based on STIP projects.*

– **Number of miles of stream habitat opened for fish as a result of culvert replacements and retrofits**

	Replacements	Retrofits
2000	14.6	13.7
2001	4.0	.0
2002	15.9	13.0
2003	16.0	1.0
2004	23.9 *	5.6 *
2005	2.8 *	.0 *

** Expected based on STIP projects.*

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BUDGET HIGHLIGHTS

HIGHWAY DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Maintenance	\$ 289,245	\$ 282,729	\$ 288,072
Construction:			
STIP:			
Preservation	\$ 214,511	\$ 274,533	\$ 310,473
Bridge	118,093	143,313	225,425
Modernization	238,515	163,623	252,626
Highway Safety	38,336	51,591	46,059
Highway Operations	31,340	49,412	33,345
STIP subtotal	\$ 640,795	\$ 682,472	\$ 867,928
Local Government Program	\$ 124,335	\$ 149,066	\$ 208,634
Special Programs	132,506	152,726	161,504
Utility ROW Permits		1,606	4,418
TOTAL	\$ 1,186,881	\$ 1,268,599	\$ 1,530,556
Expenditures by Major Revenue Source:			
Federal	\$ 523,641	\$ 583,457	\$ 604,793
State (Other)	618,343	547,378	653,535
Revenue Bonds	6,048	105,409	186,413
Local Match	38,849	32,355	85,815
Total	\$ 1,186,881	\$ 1,268,599	\$ 1,530,556
Positions	2,814	2,637	2,569
Full-Time Equivalent (FTE)	2,668.46	2,538.22	2,505.48

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SUMMARY OF CHANGES

The growth in Highway Division programs (7 percent in 2001-2003 and 21 percent in 2003-2005 Adopted) is tied to two bonding programs: the Local Street Network (LSN) authorized by the 1999 Legislature and the 2001 Oregon Transportation Investment Act (OTIA).

ADOPTED POLICY PACKAGES

#094: LFO Adjustments

\$(15,250,590) (97) Positions / (58.09) FTE

This package includes standard statewide reductions; positions – thirteen permanent and five limited-duration – to implement House Bill 2041 (OTIA III); increased funding for the Immediate Opportunity Fund; thirty-eight position actions (21 abolishments, 6 establishments and 11 upward reclassifications); and a technical adjustment to eliminate reconciliation account amounts.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (3,131,884)		
Vacant Position Elimination	(3,077,023)	(90)	(55.86)
Inflation Reduction	(13,995,921)		
Attorney General Rate Reduction	(255,691)		
DAS Assessment Reduction	(720,850)		
Subtotal	\$(21,181,369)	(90)	(55.86)
OTIA III (HB 2041) Implementation	1,753,863	18	12.50
Immediate Opportunity Fund	5,000,000		
Position Actions	(469,159)	(15)	(6.87)
Technical Adjustment	(353,925)	(10)	(7.86)
Total	\$(15,250,590)	(97)	(58.09)

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#100: OTIA

\$186,841,839 4 Positions / 4.00 FTE

This package provides expenditure limitation to accommodate the estimated 2003-2005 pay out on construction projects funded by the Oregon Transportation Investment Act (OTIA) and limited-duration position authority to ensure timely OTIA contract processing.

Preservation	\$ 36,239,324
Bridge	43,731,515
Modernization	66,378,072
Local Government	40,063,523
Special Programs	429,405
Total	<u>\$ 186,841,839</u>

#101: Access Management

\$ -0- 5 Positions / 3.75 FTE

This package provides five limited-duration positions to handle the increased complexity in the analysis required for developmental review, project development and approach (driveway) permitting.

#102: Work-Out-of-Class Resolution

\$ (6,878)

This package reclassifies three positions - resolving long-standing work-out-of-class pay issues and reduces Professional Services.

#103: Local Government Project Implementation

\$1,397,018 6 Positions / 5.52 FTE

This package provides the staffing increase needed to support local governments in their delivery of federal and state funded construction projects. Without these positions, local agencies would not get the level of service needed to deliver important projects in a timely and satisfactory manner.

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#104: Alternative Delivery

\$391,985 3 Positions / 2.92 FTE

This package provides three positions to support ODOT's increased use of the private sector for project delivery.

- A Design/Build Program Coordinator to assess needs, and conduct and implement project contracting processes and procedures;
- A Trainer to increase the quality of draft contract work products; and
- An Expeditor/Customer Liaison to serve as interface between the Highway Division and ODOT's contracting unit.

#105: Bridge Program Environmental Permitting

\$291,388

This package provides additional funding for the Department of State Lands (DSL) in recognition that DSL's Removal Fill Permit workload will increase as a result of with the Oregon Transportation Investment Act (OTIA) projects. With the additional funding DSL can commit to more timely permit issuance.

#472: ITS Support Coordinator

(\$85,891)

This package was intended to fund a \$85,891 and one Position / .92 FTE increase in the Information Systems budget resulting in a net fiscal impact of zero department-wide. This reduction was approved by the Legislature even though The Information Systems increase was not approved.

#490: Sylvan Maintenance Station Capital Construction

(\$1,600,000)

This package reduces the Preservation program to fund phase two of the Sylvan Maintenance Station improvement project.

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#495: SB 333 Fee Ratification

\$4,970,667 15 Positions / 15.00 FTE

This package ratifies fees that were established and increased administratively between legislative sessions. The Utility Permit Fees (\$4,649,139 and 13 positions / 13.00 FTE) were established, and the Outdoor Advertising Permits and Business License Fees (\$321,528 and 2 Positions / 2.00 FTE) were increased.

This package is offset by a reduction in Package #070 as required by Department Administrative Services budget development rules. As a result approval of this package does not increase Highway Division programs, it maintains existing programs.

Note: the adopted position and FTE count for this package includes reconciliation account amounts of 1 position / 1.00 FTE – which have been eliminated in package #094.

**Driver and Motor Vehicle
Services Division**

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DRIVER AND MOTOR VEHICLE SERVICES DIVISION

The Driver and Motor Vehicle Services Division's mission is to promote driver safety, protect financial and ownership interests in vehicles and collect revenue for Oregon's roads.

DRIVER SAFETY

DMV licenses drivers, verifies the identification of people applying for a driver license or identification card, and tests the skills, knowledge and vision of drivers. There are about 2.8 million licensed Oregon drivers. DMV promotes driver safety by providing educational tools such as driver manuals, by ensuring driver tests meet or exceed national standards and by suspending or revoking the driving privileges of problem drivers.



A new driver receives test results.

PROTECTING OWNERSHIP

DMV also issues vehicle titles. Titles prove ownership and help protect the financial interest of vehicle owners and security interest holders. DMV inspects the vehicle identification number of newly registered vehicles, examines the title and other ownership documents and checks for information on stolen vehicles through state and national law enforcement data systems before issuing titles.

DMV business regulation services licenses 4,200 vehicle- and driver-related businesses in the state to make sure that titles are correctly transferred and security interest holders are promptly paid or recorded. DMV licenses vehicle dealers, wreckers, vehicle appraisers, transporters, driving instructors and



DMV licenses and regulates vehicle-related businesses.

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driving schools. Business regulation staff conduct routine inspections and respond to customer complaints. If a problem is found, DMV issues warnings, imposes civil penalties or sanctions the business.

REVENUE COLLECTION

DMV registers close to four million vehicles in Oregon. The division registers and titles vehicles and issues trip permits to raise revenue for highway construction and maintenance.

DRIVER AND MOTOR VEHICLE SERVICES DIVISION PROGRAMS

- Program Services
- Information Technology Services
- Field Services
- Processing Services
- Customer Services
- Division Administrator's Office

PROGRAM SERVICES

This group develops, implements, communicates and manages policies, procedures and administrative rules for all of DMV's driver and vehicle services. The group evaluates the impacts and effectiveness of DMV's programs and works with external stakeholders to promote safety on Oregon's roadways. Employees analyze the policy implications and fiscal impacts of proposed legislation and other initiatives. They design and publish forms and manuals, ensure adequate supplies of license plates and stickers and help get these products to customers. The group develops and monitors performance measurements to ensure DMV is doing a good job. The Business Regulation section of this group licenses and regulates vehicle dealers to protect customers' financial interests in vehicles.

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INFORMATION TECHNOLOGY SERVICES

DMV is highly dependent on information systems and technology to deliver its products and services. The programs and operations of DMV rely on large mainframe computer systems, client-server applications and a variety of other technologies. Existing systems need to be maintained and enhanced, while new systems are planned and implemented. Coordination and management of these efforts falls upon IT Services in close partnership with ODOT Information Systems.

IT Services ensures DMV requirements for information systems are met within budget, completed on schedule and implemented without disrupting business operations. IT Services develops and implements the biennial Information Resource Management Plan for DMV and supports the Maintenance Evaluation Team that sets priorities and monitors progress on smaller repairs and improvements to DMV computer systems.



**DMV staff receive training to keep
abreast of new information
technology.**

FIELD SERVICES

This group operates DMV's 64 field offices statewide in which about 13,000 customers are served each day. There are three types of offices: Full Service, Limited Service, and Express. Full Service offices give driver knowledge and skill tests and vision tests; issue photo driver licenses and identification cards; and reinstate driving privileges. They also register vehicles, issue plates and stickers, handle title applications and inspect vehicle identification numbers. Limited Service offices provide all services except behind-the-wheel skills testing. DMV Express offices provide all services except knowledge and skills testing, reinstatement services, and titling and registration of out-of-state vehicles. Field offices also provide services to customers of other ODOT divisions and other agencies. The services include:

- Issuing motor carrier credentials
- Issuing truck oversize/weight permits
- Selling Sno-Park permits

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- Issuing identification cards for other agency personnel
- Testing applicants for licensing boards
- Registering voters
- Verifying that vehicles have passed Department of Environmental Quality tests

PROCESSING SERVICES

This group handles all mail-in business for driver licenses, titles and registrations in addition to processing all of the business accepted at local offices around the state. Employees account for and bank the money sent by customers; issue titles, plates and stickers; renew driver licenses; enter data into DMV's computer systems and prepare all of the paperwork for microfilming. DMV produces about 1.2 million titles and issues almost two million registrations every year. Employees also record traffic violations, convictions and other information on driving records; process accident reports, suspensions and license reinstatements; manage driver improvement activities and medical case reviews; and issue hardship permits to suspended drivers. Employees work by mail, telephone and in person to help customers who have lost or could lose their driving privileges. More than 1.9 million actions related to driver behaviors such as traffic citations or license suspensions are recorded each year.

CUSTOMER SERVICES

This group provides call center services and record services for DMV customers. Two call centers provide telephone help for about 1.8 million customers per year. Employees answer questions, schedule drive tests in most areas and help callers do business with DMV. One call center is located within the Oregon Coffee Creek Correctional Facility, employing 40 inmates. The second call center is staffed by DMV employees at the Salem headquarters building. Customer Services also provides DMV driver and vehicle records, which are requested by a wide range of public and private entities. Law enforcement agencies access about 41,000 records each day on the DMV database, and businesses and individuals make about four million DMV record requests each year. This group also administers the DMV contract with the Employment Department for administrative hearings for people who appeal DMV actions.

DIVISION ADMINISTRATOR'S OFFICE

This office provides the policy, oversight and administrative functions of the division.

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2003-2005 INITIATIVES

– **DRIVER SAFETY**

During the 2001-2003 biennium, DMV focused on improvements to driver safety programs. In response to concerns about the greater likelihood of physical impairment among Oregon's growing population of seniors, DMV began implementing the recommendations of a study on medically impaired drivers developed for the 2001 Legislature. A good foundation was laid during the 2001-2003 biennium. The expanded reporting requirements will be phased in during the next two years, along with outreach and education on how to retain safe mobility. DMV will also continue to examine the effectiveness of driver improvement programs to promote safe driving behavior.

– **FRAUD PREVENTION**

The role of DMV in providing identity documents has come under considerable scrutiny during the 2001-2003 biennium as a result of the escalation in identity theft crimes and the 2001 terrorist attacks. Oregon DMV reviewed its procedures for assuring identity and residency to make improvements, although these enhancements can slow down the issuance process and require more investment in information technology. National legislation aimed at uniformity for driver licenses and identity cards will require DMV to be connected to national driver databases and may require the collection of biometric data on drivers. Biometric data includes things such as retinal scans and fingerprints. Both initiatives will require resources not currently in DMV's budget. DMV also will examine its processes to reduce the incidence of fraud regarding ownership or condition of vehicles. Connection to existing national title databases will assist DMV in this effort.

– **EFFICIENCY AND PRODUCTIVITY**

To counteract the effect of staff reductions on service-level goals, DMV will continue to increase its productivity through automation, process improvement, privatization, and law and rule changes. DMV will need to serve a growing and increasingly diverse customer population. The DMV customer base spans the entire state, with its varied geographic differences, economic diversity and population density. DMV has and will continue to invest in ways to transact business with non-English speaking customers by providing tests, manuals and brochures and other information in several languages and recruiting bilingual or multilingual staff.

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– DMV FROM HOME

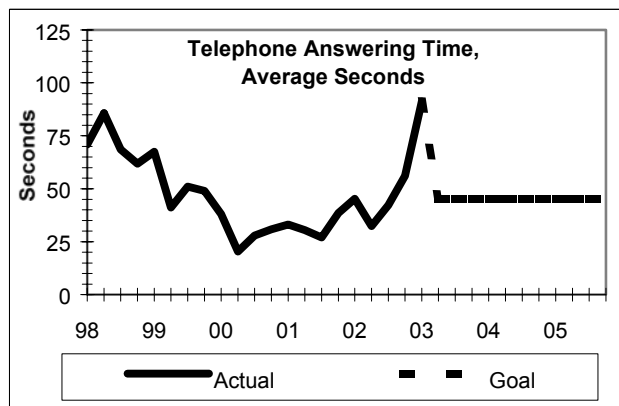
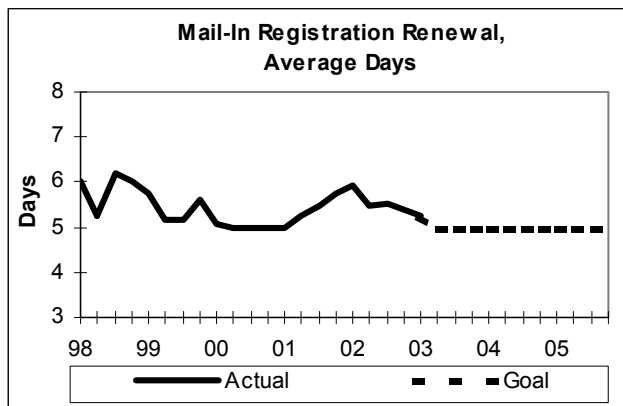
The goal of this initiative is to offer customers alternative ways of transacting business with DMV without the need for visiting field offices. During the 2001-2003 biennium, DMV started a project to provide vehicle registration renewals via the Internet. This effort will continue into the 2003-2005 biennium with additional services. DMV is piloting a privatization initiative with vehicle dealers to allow them to directly input vehicle registration and title transactions into the DMV database and distribute plates and registration stickers at the time of sale. If successful, the program will be expanded statewide during the 2003-2005 biennium. The division will continue to make more uses of web technology to streamline internal operations and improve customer access to DMV information.

PERFORMANCE MEASURES

DMV measures its performance in support of ODOT's goals to improve safety and provide excellent customer services:

– CUSTOMER SERVICE

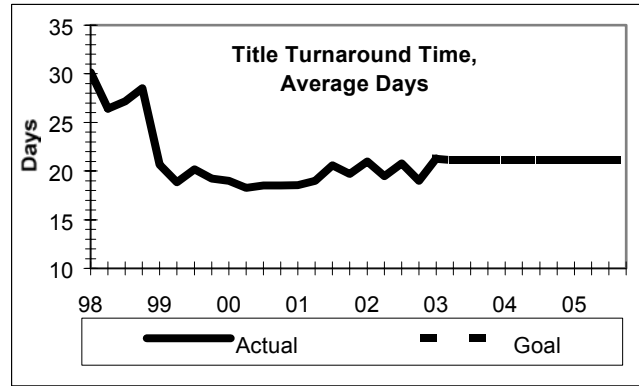
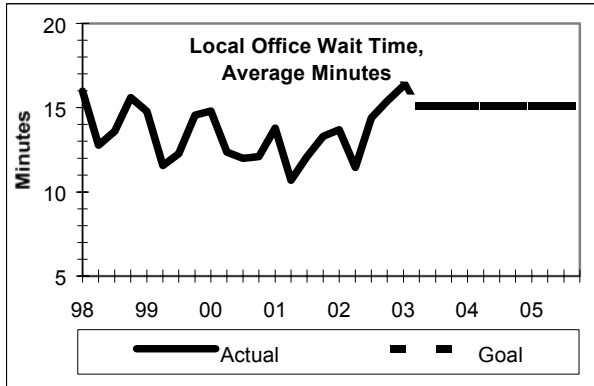
DMV sets service delivery goals for transactions and services and monitors progress toward those goals. DMV must manage resources to balance performance among these service delivery goals.



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Service delivery goals are divided into two categories: wait-time goals and transaction-processing goals. The wait-time goals include time spent waiting for a telephone agent, time spent waiting for counter service in field offices and the length of time it takes to schedule a drive test. Transaction-processing goals include times for processing titles, registration and driver license renewals; processing address changes; and identifying and communicating the lack of adequate information to complete the transaction. DMV has set a goal of 100 percent achievement of service delivery goals averaged over the year. Service levels are measured weekly.

— CUSTOMER SERVICE

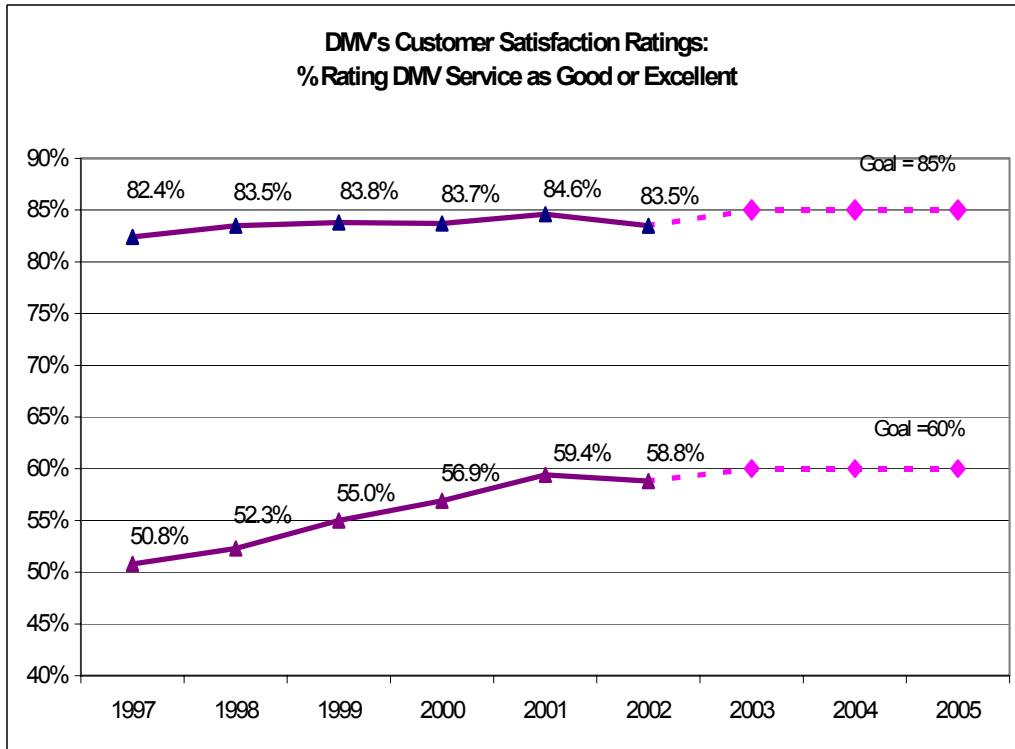
DMV also conducts customer satisfaction surveys and sets targets for the percentage of customers rating DMV service delivery as excellent or good. These surveys are conducted monthly by randomly sampling 400 customers who conducted business with DMV that month. DMV has set the goal of 85 percent of customers rating DMV service as good or excellent.

DMV also surveys how satisfied customers are with the amount of time spent waiting for DMV services. DMV's goal is 60 percent of customers rating DMV services as good or excellent. This wait time goal is less than the goal for DMV service delivery satisfaction due to the general time constraints of the American public.

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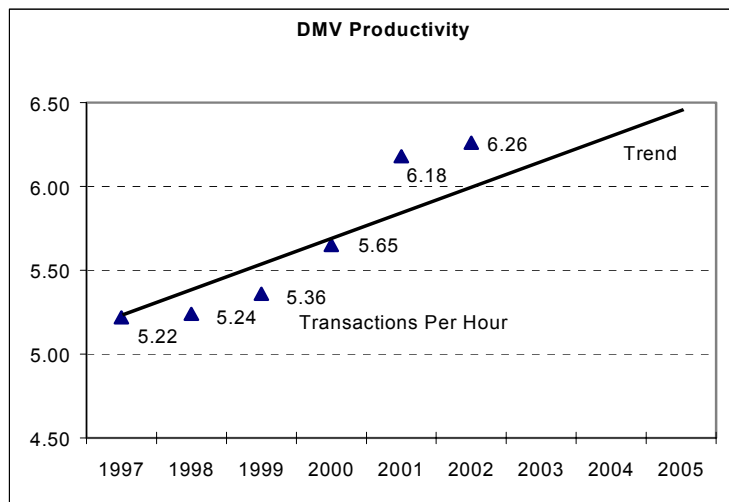
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— PRODUCTIVITY

DMV measures productivity, or transactions per hour worked. It is calculated by dividing the total number of transactions conducted in a year by the total number of hours worked by the employees. There has been a steady increase in productivity since 1996. Transaction numbers are forecast to stay flat for the 2003-2005 biennium. Productivity gains are projected to continue along the historic trend.



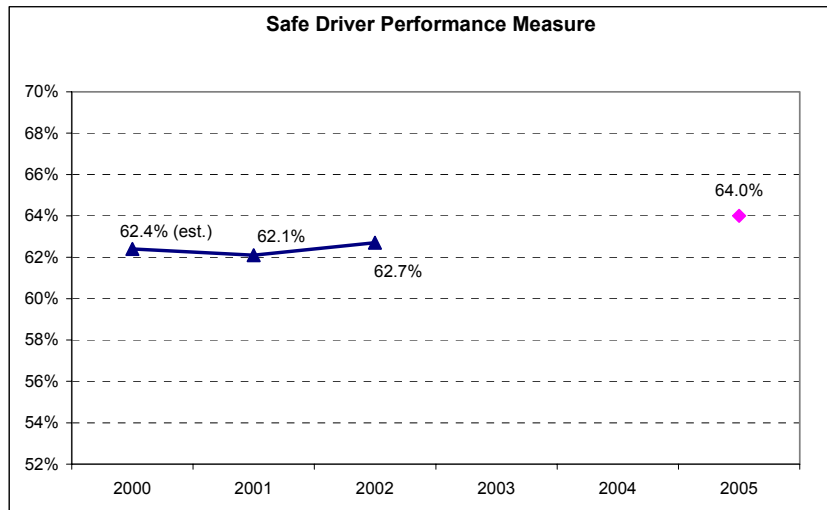
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— **IMPROVE SAFETY**

DMV measures activities that improve driver safety. DMV has established a profile of a safe driver and will track the percentage of drivers that fall into this category. The safe driver measure reports the percentage of the state's motorists who are driving safely over a three-year period. Specifically, the measure is the percentage of Oregon motorists who do not have any accidents, convictions, DUII diversions or implied consent suspensions posted to their driving record during the past three years. The measure ties to Oregon Benchmark No. 45 (Premature Death). DMV intends to track the population of good drivers to determine if DMV driver safety programs can increase the percentage of good drivers.



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BUDGET HIGHLIGHTS

DRIVER AND MOTOR VEHICLE SERVICES DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Program Services	\$ 12,355	\$ 12,325	\$ 15,393
Information Technology Services	9,473	7,443	7,950
Field Services	48,613	51,290	51,262
Processing Services	20,224	20,402	21,432
Customer Services & Hearings	23,008	24,582	24,699
Administrator's Office	1,302	905	581
TOTAL	\$ 114,975	\$ 116,947	\$ 121,317
Expenditures by Category:			
Personal Services	\$ 74,825	\$ 76,860	\$ 78,367
Services & Supplies	37,980	39,287	42,318
Capital Outlay	2,038	734	189
Special Payments	65		376
Debt Service	67	66	67
Total	\$ 114,975	\$ 116,947	\$ 121,317

Positions	906	904	861
Full-Time Equivalent (FTE)	863.25	857.60	824.13

SUMMARY OF CHANGES

Since 1999-2001 the growth in DMV programs has been nominal – two percent in 2001-2003 and four percent in 2003-2005 Adopted. The 2003-2005 growth reflects a \$3.4 million increase in State Government Service Charges – PERS debt service, liability insurance, and workers compensation insurance.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — DRIVER & MOTOR VEHICLE SERVICES DIVISION —

ADOPTED POLICY PACKAGES

#094: LFO Adjustments

\$(1,994,084) (11) Positions / (5.69) FTE

This package includes standard statewide reductions, a carry forward for 2001-2003 technology projects that will be completed in 2003-2005, two position actions (an abolishment and upward reclassification), and a technical adjustment to eliminate reconciliation account amounts.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (1,315,735)		
Vacant Position Elimination	(53,420)	(5)	(2.17)
Inflation Reduction	(745,970)		
Attorney General Rate Reduction	(125,669)		
DAS Assessment Reduction	(181,691)		
Subtotal	\$ (2,422,485)	(5)	(2.17)
IT Project Carry Forward	600,000		
Position Actions	(16,942)	(1)	(.21)
Technical Adjustment	(154,657)	(5)	(3.21)
Total	\$ (1,994,084)	(11)	(5.59)

#200: Older Driver Study

\$ -0- 1 Position / 1 FTE

This package converts a limited-duration position into a permanent position allowing DMV to continue to fulfill the requirements of House Bill 3071 (1999 session) and related Older Driver Study recommendations. Permanent staffing will enable DMV to join with stakeholders to develop and deliver education for identifying at-risk drivers. Expected outcomes include increased identification of drivers who are at risk of being in a vehicle crash and a reduction in the number of at-risk drivers who obtain or retain driver licenses.

Oregon Department of Transportation
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— DRIVER & MOTOR VEHICLE SERVICES DIVISION —

#495: SB 333 Fee Ratification

\$ 6,240

This package ratifies two fees—the RV Show License Fee and the Financial Responsibility Fee—that were administratively increased by DMV during the interim.

**Motor Carrier Transportation
Division**

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— MOTOR CARRIER TRANSPORTATION DIVISION —

MOTOR CARRIER TRANSPORTATION DIVISION

The Motor Carrier Transportation Division (MCTD) helps truckers comply with Oregon laws and regulations relating to truck size, weight and safety requirements. The division's mission is to promote a safe, efficient and responsible commercial transportation industry by simplifying compliance, reducing unnecessary regulations, protecting highways and bridges from damage, enhancing private-public partnerships, fostering effective two-way communication, delivering superior customer service and recognizing the vital economic interests of the commercial transportation industry.

The division maintains an extensive web site (www.odot.state.or.us/trucking) with news and information about trucking in Oregon.

MCTD PROGRAMS

- Field Carrier Services
 - Size and Weight Enforcement**
 - Field Registration Services**

 - Salem Motor Carrier Services
 - Over-Dimension Permits**
 - Commercial Vehicle Registration**
 - Highway-Use Tax Collection**
 - Economic Regulation (Rates and Entry)**

 - Investigations, Safety, Federal Program
 - Commercial Vehicle Safety**
 - Green Light Weigh Station Preclearance**

 - Motor Carrier Audit
-

Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

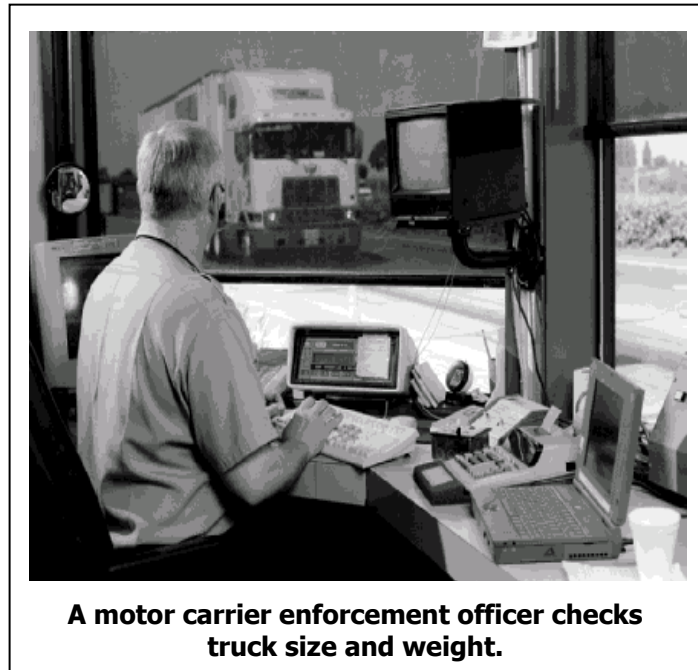
FIELD CARRIER SERVICES

– Size and Weight Enforcement

Motor Carrier Enforcement Officers (MCEO's) are based in eight districts statewide. They work at 81 fixed weigh stations, six ports of entry – located at the six principal border entry points, and dozens of portable scale sites to make sure trucks follow size and weight rules. The six ports of entry weigh stations have facilities for truck inspections and are located at Cascade Locks, Umatilla, Farewell Bend, Woodburn, Klamath Falls and Ashland. In this way, the officers also protect Oregon highways and bridges from damage by oversize and overweight trucks. They also safeguard highways by performing truck and driver safety inspections.

In 2001, MCEOs weighed 2,462,173 trucks on static scales. They also sorted and sent on their way hundreds of thousands of empty trucks that didn't need to be weighed. In addition, more than 1 million trucks were electronically weighed and checked at highway speed by weigh station preclearance systems, called Green Light.

MCTD's outcome-based performance measures include tracking the number of trucks weighed and identified while crossing permanent scales or being electronically screened by Green Light. There is a statistical correlation between weighing trucks and the weight-mile tax auditors recover by examining carrier records. As more trucks are weighed and more scale crossings are recorded, auditors recover more tax dollars. In another correlation, more weight citations are issued as more trucks are weighed. The Green Light system increases weigh station capacity and acts as a filter, preclearing the trucks operating within size and weight limits. Thus, a greater percentage of the remaining traffic that pulls in to be weighed on permanent scales is likely to be overweight.



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— MOTOR CARRIER TRANSPORTATION DIVISION —

The officers have authority to write criminal and traffic citations. In 2001, they issued 16,138 citations for truck weight violations, 2,279 citations for size violations and 11,080 citations for safety and other related violations. They also issued 23,984 warnings for less-than-critical violations and required 8,799 vehicles to correct a problem before proceeding.

– **Field Registration Services**

In addition to a 24-hour-a-day Credentials Service Center in Salem, MCTD offers registration and permitting service weekdays from 8 a.m. to 5 p.m. at five field offices. The offices are in Portland at the Interstate 5 bridge at Jantzen Beach on the Washington border and at the ports of entry in Ashland, Farewell Bend, Klamath Falls and Umatilla. Registration service is needed at field offices because Oregon is a weight-mile tax state. (Rather than collecting fuel taxes at the pump for heavy vehicle road use, Oregon's tax is based on vehicle weight and miles traveled.) If truckers are not permanently registered to operate in the state, they obtain a registration trip permit and a temporary pass, through which they pay weight-mile taxes in advance for their trip. In 2001, MCTD field registration staff issued 60,787 temporary passes and collected \$2.5 million in weight-mile taxes.

SALEM MOTOR CARRIER SERVICES

– **Over-Dimension Permits**

Staff issue single-trip and annual permits for oversize, overweight or unusual truckloads. MCTD maintains road and bridge restriction information for the state and gives these truckers routing instructions for their trips. Permits are available at the Salem headquarters office, any port of entry and at many DMV and Highway Division district offices throughout the state. The permits authorize travel on state and federal highways. They can also cover county roads, with county approval, but many Oregon counties issue their own permits. In 2001, MCTD processed 63,058 single-trip permits and 18,887 annual permits.

MCTD manages the work of five third-party agents that processed 59,570 continuous oversize or overweight truck permits in 2001. This includes 46,407 permits issued through a statewide one-stop-shopping system that makes it possible for a trucker to go to MCTD or one of its agents and receive a permit good for travel in all jurisdictions involved in the trip. The permits are currently available from MCTD, two private businesses and three counties. Oregon also belongs to the Western Regional Permit Agreement through which MCTD helps truckers get oversize or overweight permits good for travel in 10 western states.

Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

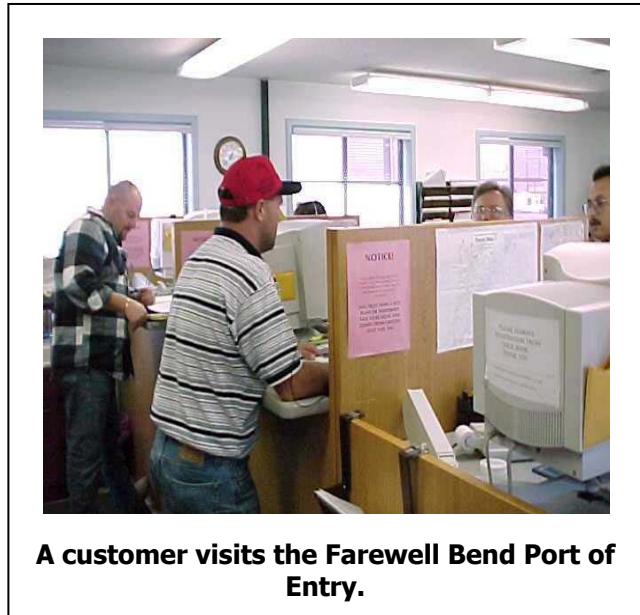
– **Commercial Vehicle Registration**

MCTD regulates a diverse motor carrier industry ranging from one truck owner-operators based in Oregon to carriers with large fleets that operate nationwide and in Canada. At year-end 2001, MCTD was maintaining accounts for 24,976 companies with 303,128 trucks registered to operate in Oregon. This includes 48,239 trucks operated by Oregon companies.

Oregon-based carriers have a red ODOT truck license plate that identifies their weight-mile tax account number. Firms that operate in state get a commercial plate; firms that travel outside the state get an apportioned plate. As a result of legislation passed in 2001, Oregon eliminated a plate it had been issuing to about 250,000 trucks operated by carriers based in other states and provinces. Instead of issuing a unique Oregon plate to these trucks, they are now identified by the license plates issued by each carrier's home state or province. The change affected about 15,000 out-of-state carriers registered to operate in Oregon through a program called the International Registration Plan.

Truckers traveling in Oregon for only a short time can get a temporary pass and pay their road-use taxes on a per-trip basis. Registration service is available from a 24 hour Credentials Service Center MCTD in Salem. MCTD also offers over-the-counter service weekdays from 8 a.m. to 5 p.m. at the Salem headquarters, at a Portland office at Jantzen Beach, and at four ports of entry near Ashland, Farewell Bend, Klamath Falls and Umatilla.

Many carriers have a MCTD permit to provide for-hire transportation service from point to point in Oregon. These carriers can haul almost any cargo except household goods.



Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

MCTD:

- Issues or renews more than 50,000 truck license plates to Oregon carriers each year.
- Issues more than 90,000 temporary passes and trip permits each year.
- Helps Oregon truckers meet requirements of the International Registration Plan. About \$29 million in registration fees owed to IRP member states are collected each year.
- Collects about \$12 million in Oregon truck registration fees each year.
- Collects about \$200 million in weight-mile taxes each year.
- Licenses more than 4,000 Oregon-based interstate carriers to operate in other states and Canada under the International Fuel Tax Agreement.
- Sees that truckers pay registration fees, file road-use tax reports and pay taxes on time.
- Sees that truckers file proof of liability insurance and, when necessary, cargo insurance.
- Sees that certain truckers file a security bond to make sure they will pay taxes and fees.

– **Highway-Use Tax Collection**

MCTD processes mileage reports and collects highway-use taxes and fees from truckers. The division collected \$195,670,131 in weight-mile taxes in 2001. Trucks weighing more than 26,000 pounds pay this tax in Oregon. Trucks weighing more than 98,000 pounds pay an additional road use assessment fee. These graduated taxes and fees depend on a truck's weight and the miles traveled on public roads.

Tax rates are set by the Legislature based on results of the Highway Cost Allocation Study, which is updated every two years by a consultant under contract to the Department of Administrative Services. All taxes collected, minus administrative costs, go to the Oregon Highway Fund for building and maintaining state and local roads.

As a result of legislation passed in 2001, all carriers gained the option of requesting to pay weight-mile taxes on a quarterly rather than a monthly basis. In the past, only carriers with an annual tax liability of less than \$3,600 were eligible for quarterly reporting. In July 2002, MCTD implemented rules governing eligibility, and a number of carriers began requesting to switch to quarterly reporting.

Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

– **Economic Regulation (Rates and Entry)**

About 90 moving companies and 30 bus companies have special authority to do business in Oregon. They are subject to state regulation, including regulation of the rates charged for service, when moving household goods within the state or operating a regular bus service. Changes to rates are requested by the carriers, analyzed by MCTD staff and approved or denied by an administrative law judge at a public hearing. MCTD monitors this small part of the transportation industry to make sure Oregon has good, stable service at fair prices.

INVESTIGATIONS, SAFETY, FEDERAL PROGRAMS

– **Commercial Vehicle Safety**

Highway safety is MCTD's top priority. The division administers and enforces state and federal safety rules that cover the mechanical condition of trucks, qualifications of truck drivers, securement of cargo and proper shipping of hazardous cargo. MCTD inspects trucks at weigh stations and along roadsides. It also conducts comprehensive audits of trucking companies at their offices to check safety programs and make sure they follow rules.



A safety specialist checks a truck for mechanical problems.

One performance measure MCTD tracks is the number of truck drivers found with critical safety violations. There is a statistical correlation between violations and truck-at-fault accidents. As more drivers are placed out of service for critical violations, truck accidents decline. This contributes to Oregon's goal of improving safety (Oregon Benchmark No. 45, Premature Mortality), which is essentially increasing the percentage of good drivers on the road.

Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

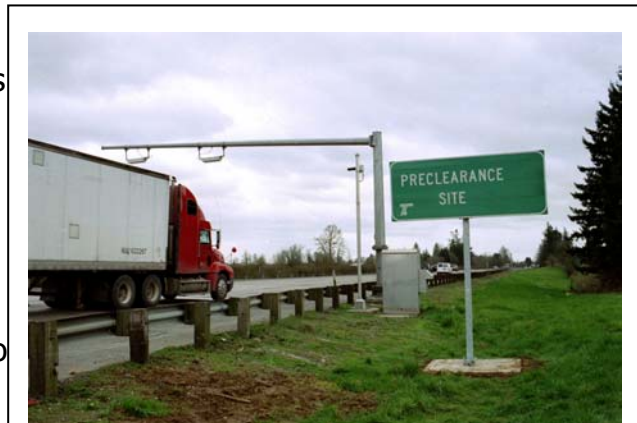
MCTD manages the federal Motor Carrier Safety Assistance Program in Oregon and distributes more than \$2.3 million in federal funds each year for truck safety inspections and traffic enforcement done by the Oregon State Police, city police, county sheriffs and county weighmasters. MCTD specialists are responsible for training and certifying all enforcement officers who perform truck, driver and hazardous cargo safety inspections in Oregon. MCTD also helps law enforcement investigate truck accidents. All enforcement efforts are intended to reduce truck-at-fault accidents and hazardous material spills.

Truck safety highlights for 2001 include the following:

- Oregon completed a record 52,548 safety inspections, a 5.5 percent increase over the previous year.
- Computers were used to record 61 percent of all inspections. This is important because it allows the information to be quickly sent to the national SafetyNet databank, where it becomes accessible to inspectors in all states.

— **Green Light Weigh Station Preclearance**

MCTD uses an intelligent transportation system to weigh trucks in motion and automatically identify them as they approach Oregon's busiest weigh stations. A preclearance system called Green Light is in place at 21 weigh stations statewide. It allows the stations to signal transponder-equipped trucks to proceed without stopping if they cross weigh-in-motion scales and successfully pass a computer check of size, weight, height, registration and account status and safety records. In 2001, trucks were weighed and electronically screened 1,120,098 times, and a total of 892,477 trucks were signaled to "keep on truckin' " past the stations. If bypassing a weigh station at highway speed saves five minutes, Green Light saved truckers 74,373 hours of travel time and millions of dollars in truck operating costs in 2001.



An 18-wheeler passes over weigh-in-motion scales and under transponder readers as it approaches the Woodburn port of entry on I-5.

Oregon Department of Transportation

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— MOTOR CARRIER TRANSPORTATION DIVISION —

Allowing safe and legal trucks to bypass weigh stations helps enforcement officers manage a growing stream of truck traffic. It helps preserve weigh station facilities and completely eliminates hours of delay for the trucking industry, contributing to Oregon's goal of moving people and goods efficiently (Oregon Benchmark No. 68, Highway Congestion).

MOTOR CARRIER AUDIT

MCTD auditors verify the accuracy of weight-mile tax reports and payments made by all carriers operating in Oregon. They also check the records of Oregon-based carriers that operate in other states and provinces to verify payments of registration fees and fuel taxes owed to the jurisdictions. As part of Oregon's obligations under two programs, the International Registration Plan and the International Fuel Tax Agreement, auditors must annually audit at least three percent of the Oregon carriers participating in those programs.

In 2001, auditors completed 817 weight-mile tax audits and identified \$5,256,419 in unreported taxes and fees. They also completed 148 IRP audits and 139 IFTA audits. Those numbers belie actual program activity, however, because for every one account that is assigned to an audit, hundreds of accounts are screened and cleared by staff. Auditors screen about 13,000 accounts each year to determine which warrant close scrutiny.

The Motor Carrier Audit Section moved from ODOT Central Services to MCTD in October 2001, adding 57 FTE to the MCTD workforce and \$7 million to its budget. The work of this section contributes to Oregon's goal of maintaining a high percentage of state roads in fair or better condition (Oregon Benchmark No. 72, Road Condition) by recovering dollars owed to the State Highway Fund.

ADMINISTRATOR'S OFFICE

The Division Administrator defines overall state policies, ensures that motor carrier interests are adequately addressed and coordinates the various functions of the division.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— MOTOR CARRIER TRANSPORTATION DIVISION —

ISSUES/TRENDS

- It will be a challenge for the existing size and weight enforcement officers (97 FTE) to safeguard the growing list of weight-restricted bridges around the state while still performing all other duties.

- A February 2002 Secretary of State Audit report concluded that MCTD places too much emphasis on weighing a high volume of trucks traveling on the state's major traffic arteries. Auditors believe there is a greater problem with overweight trucks on secondary roads. MCTD reports that implementing the audit report recommendations would lead to fewer total truck weighings in Oregon, fewer scale-crossing records available to weight-mile tax auditors verifying road-use tax reports, fewer scale-crossing records available to safety inspectors for verifying driver logbooks and possibly more out-of-state truckers operating without Oregon credentials. Without the data, the accuracy of cost responsibility studies may be questionable, and revenue collections are at risk of declining from lack of enforcement through the audit process. MCTD implemented many of the audit recommendations and is ensuring that the maximum number of trucks are being weighed.

- The division is actively addressing a key department strategy: use innovative program designs and technologies to solve transportation problems. It is already committed to using intelligent transportation systems (Green Light) to make its weigh stations more efficient. Now the division is taking the lead in advancing e-government initiatives and streamlining the way it conducts business with the trucking industry. Other ODOT divisions will benefit from that work when they develop similar e-government applications in the future.

- The Green Light preclearance system will never realize its full potential to increase weigh station capacity unless institutional barriers and unintended legal sanctions to truckers' use of compatible transponders are removed. At least 25,000 trucks are unnecessarily forced to pull into Oregon weigh stations each month because their transponders belong to a company that prohibits their use in Oregon.

Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

PERFORMANCE MEASURES

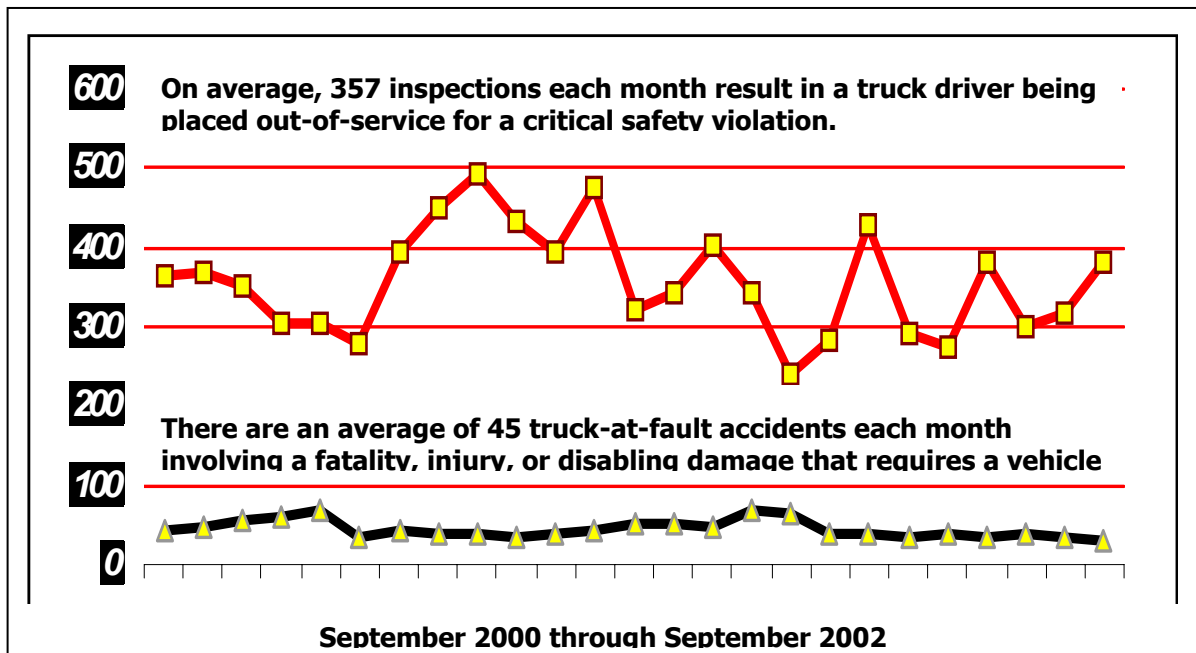
The work of the MCTD contributes directly to each of ODOT's high-level goals: improve safety, move people and goods efficiently, and improve the economy and livability. The division monitors many different activities on a monthly basis, but it tracks three key performance measures for which a statistical correlation has been confirmed.

The first measure tracks truck-at-fault accidents and truck drivers placed out of service for critical safety violations. It is linked to the ODOT safety goal of reducing large truck accidents. The second and third MCTD measures track trucks weighed on permanent scales, trucks precleared to pass weigh stations by Green Light systems, weight-related citations issued and weight-mile taxes recovered by auditors. These measures are linked to ODOT's mobility goals, particularly reducing travel delays, and they help maintain pavement and bridge conditions.

MCTD periodically conducts surveys to gauge customer satisfaction. A 2002 survey found customers are very happy with staff and service: 35 percent strongly approve, 46 percent approve, three percent disapprove, and only one percent strongly disapprove (15 percent offered no opinion).

— SAFETY

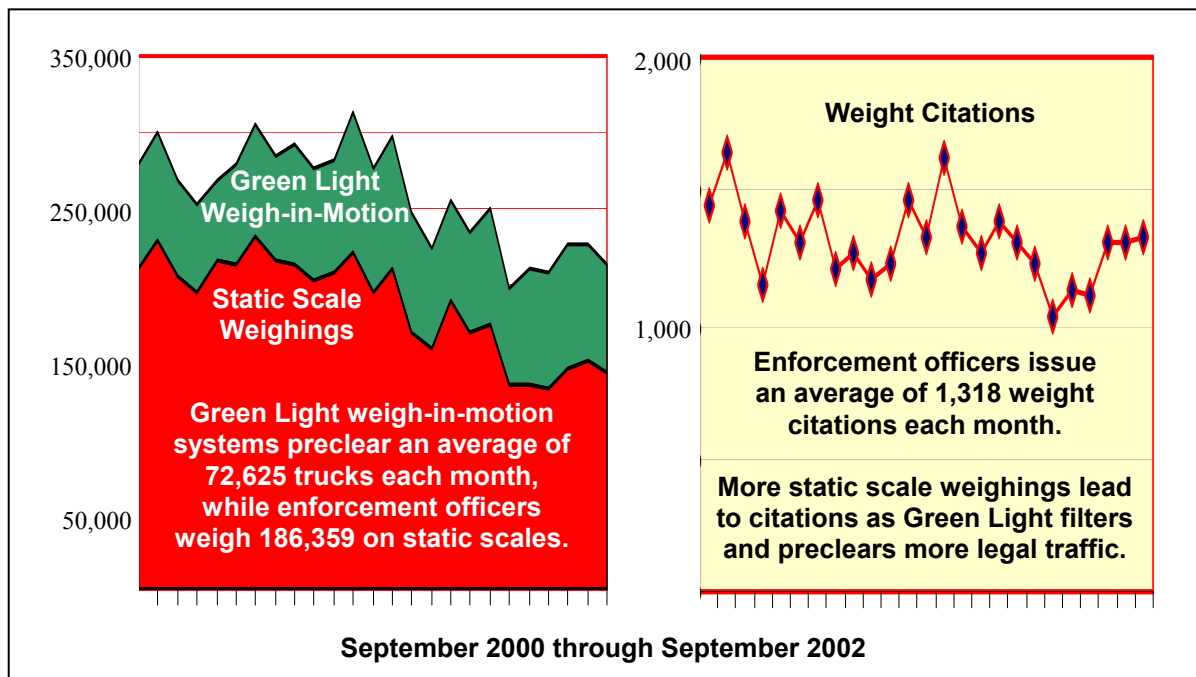
As more truck drivers are placed out of service for critical safety violations, truck-at-fault accidents decline.



Oregon Department of Transportation
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— MOTOR CARRIER TRANSPORTATION DIVISION —

— **TRUCK SIZE AND WEIGHT ENFORCEMENT**

As more trucks are weighed, more weight citations are issued.



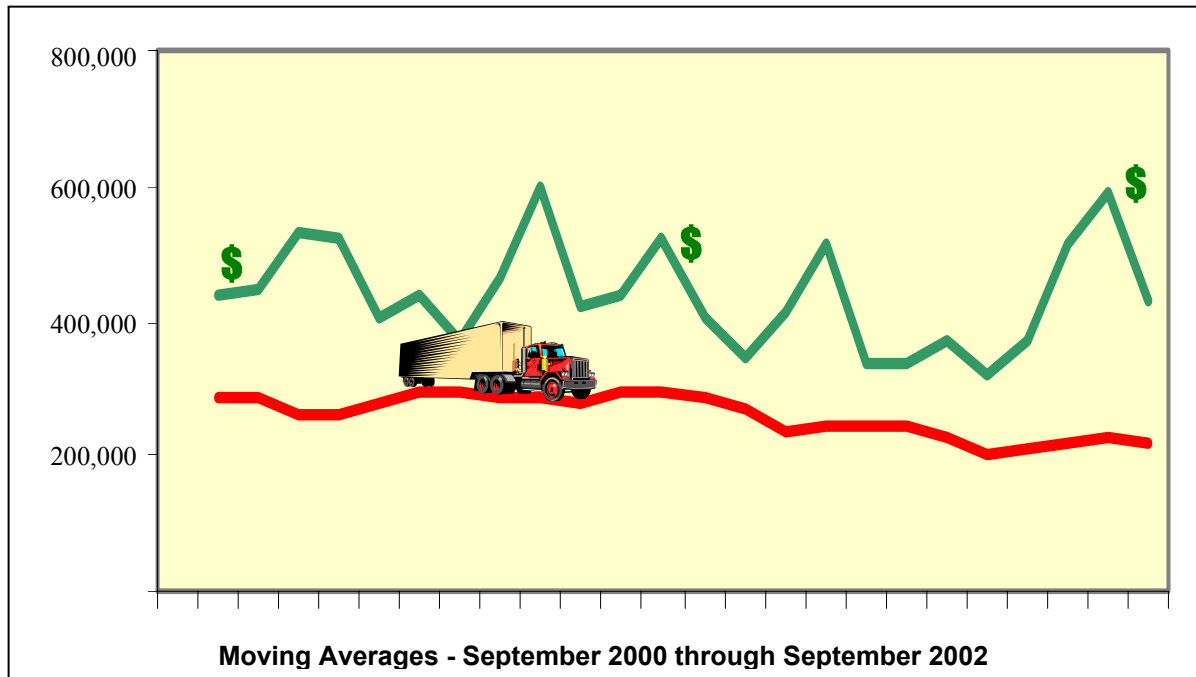
Oregon Department of Transportation

2003-2005 Adopted Program Budget

— MOTOR CARRIER TRANSPORTATION DIVISION —

— **WEIGHT-MILE TAX COLLECTION**

As more trucks are weighed and more scale crossings are recorded, auditors recover more weight-mile tax dollars.



Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — MOTOR CARRIER TRANSPORTATION DIVISION —

BUDGET HIGHLIGHTS

MOTOR CARRIER TRANSPORTATION DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Field Carrier Services	\$ 18,391	\$ 16,893	\$ 17,067
Salem Motor Carrier Services	10,743	11,745	10,671
Investigations, Safety, & Federal	7,834	8,973	11,713
Motor Carrier Audit Program	0	6,342	7,312
Administrator's Office	1,563	2,046	2,337
TOTAL	\$ 38,531	\$ 45,999	\$ 49,100
Expenditures by Major Revenue Source:			
State (Highway Fund)	\$ 35,617	\$ 41,542	\$ 42,974
Federal Funds (MCSAP)	2,903	4,457	6,126
General Fund	11		
Total	\$ 38,531	\$ 45,999	\$ 49,100
Expenditures by Category:			
Personal Services	\$ 27,247	\$ 34,158	\$ 33,646
Services & Supplies	9,137	11,267	10,075
Capital Outlay	674	533	387
Special Payments *	1,473	41	4,992
Total	\$ 38,531	\$ 45,999	\$ 49,100

Positions	306	338	320
Full-Time Equivalent (FTE)	305.05	338.00	320.00

DAS Budget and Management Division requires payments to other state agencies for services be budgeted as Special Payments but the State Contoller's Division requires the payment to be recorded as Services & Supplies – which is why the 2003-2005 budget for Special Payments is so much larger than the actual expenditures for the prior two biennia.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — MOTOR CARRIER TRANSPORTATION DIVISION —

SUMMARY OF CHANGES

The 2001-2003 growth (\$7.5 million) is the result of an internal reorganization that transferred the Motor Carrier Audit program from Central Services to MCTD and a 54 percent increase in federal Motor Carrier Safety Assistance Program (MCSAP) fund expenditures.

The 2003-2005 growth (\$3.1 million) reflects continued growth in MCSAP expenditures – primarily to Oregon State Police and a \$1.1 million increase in State Government Service Charges – PERS debt service, liability insurance, and workers compensation insurance.

ADOPTED POLICY PACKAGES

#094: LFO Adjustments

\$(1,252,414) (4) Positions / (4.00) FTE

This package includes standard statewide reductions, three position actions (one abolishment and two upward reclassifications), and a technical adjustment to eliminate reconciliation account amounts.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (289,207)		
Vacant Position Elimination	(86,145)	(3)	(3.00)
Inflation Reduction	(778,966)		
Attorney General Rate Reduction	(11,299)		
DAS Assessment Reduction	(17,969)		
Subtotal	\$ (1,183,586)	(3)	(3.00)
Position Actions	(68,769)	(1)	(1.00)
Technical Adjustment	(59)		
Total	\$ (1,252,414)	(4)	(4.00)

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— MOTOR CARRIER TRANSPORTATION DIVISION —

#473: Reclassifications

\$ (14,312)

This package reclassifies three positions to Compliance Specialist 3 per the DAS Administrative Job Classification Study.

#495: SB 333 Fee Ratification

\$ 1,667,498 2 Positions / 11.50 FTE

This package ratifies the International Fuel Tax Agreement fees that were established administratively during the 2001-2003 biennium. This package is offset by a reduction in Package No. 070 as required by DAS budget development rules. As a result, this package does not increase MCTD programs.

Transportation Safety Division

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION SAFETY DIVISION —

TRANSPORTATION SAFETY DIVISION

The Transportation Safety Division (TSD) organizes, plans and conducts a statewide transportation safety program while working with many partners. These partners include other state agencies, Governor-appointed advisory committees, local agencies, nonprofit groups and citizens. The division promotes transportation safety through education, enforcement and engineering.

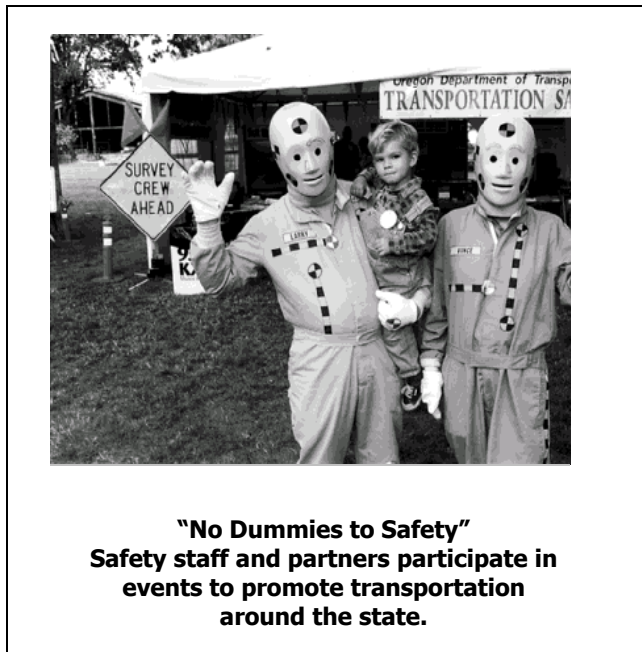
TSD PROGRAMS

— STATEWIDE OPERATIONS

Funds in the statewide operations program provide planning, program evaluation, monitoring and development, training and administration of grants and contracts. Staff also provide public information and education, traffic safety library and audio-visual services, interagency coordination, legislative research and support of local volunteer groups.

— FIELD PROGRAMS

Field program staff provide services directly to the public and to government agencies. These include grants, contracts and direct services to local communities, state and local agencies and citizens. Examples of these grants include the DUII Intensive Supervision Program, the Douglas County Safe Communities Project, the Eugene Safe Community Project and the Child Safety Seat Resource Center.



Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION SAFETY DIVISION —

ISSUES/TRENDS

– **IMPAIRED DRIVING**

Almost 40 percent of Oregon's traffic fatalities can be attributed to impaired drivers. Increased penalties for drivers caught under the influence of intoxicants who are transporting minors in their vehicles can help reduce fatalities.

– **SAFETY BELTS**

Safety belts reduce the risk of death or injury by 50 percent to 65 percent. More than 110 individuals who died last year were not wearing their safety belt. At least 60 of these people would have survived the crash if they had buckled up.

– **DRIVING TOO FAST FOR CONDITIONS**

Almost 40 percent of Oregon's traffic fatalities can be attributed to speeding or driving too fast for the conditions. Increased penalties for drivers caught excessively speeding, particularly in work zones, school zones and safety corridors can help reduce fatalities. Street racing has emerged as a new issue in many suburban neighborhoods causing additional injuries and fatalities.

The past four years have been unprecedented in the number of lives saved and injuries eliminated on Oregon's transportation system. The number of traffic fatalities has dropped to the lowest number since the four-year period between 1959-1962, yet it is still possible to reduce that number even more. The number of people injured in crashes has also dropped to record lows. If there were no improvements in vehicles, roadways and driver behaviors, Oregon would have suffered more than 2,000 fatalities and 150,000 injuries in 2000 alone. It is through strong partnerships and focused work that Oregon's safety profile now is one of the best in the nation. Continued strong support from the legislature, Governor, state agencies, local agencies, nonprofit organizations and citizens will allow for even more improvements and continued energy toward highway safety.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION SAFETY DIVISION —

PERFORMANCE MEASURES

– **FATALITIES/100 MILLION MILES DRIVEN**

1985	2.56	
1999	1.19	Lowest rate ever
2000	1.29	Still one of the lowest in the United States
2001	1.41	
2010	0.99	Goal established in 2001.

– **INJURY RATES/100 MILLION MILES DRIVEN**

1989	143.88	
1999	82.81	
2000	78.46	
2001	78.08	
2005	76.00	Goal

– **SAFETY BELT USE**

1985	31 percent	
1999	88 percent	One of the top three states in the nation.
2000	89 percent	One of the top three states in the nation.
2001	91 percent	One of the top two states in the nation.
2005	95 percent	The top state in the nation.

– **ALCOHOL-RELATED FATALITIES**

1991	47.7 percent	
1999	39.4 percent	Equals 163 fatalities.
2000	38.6 percent	Equals 174 fatalities.
2001	35.5 percent	Estimate – equals 173 fatalities.
2005	35.0 percent	Goal – 150 fatalities.

– **TRAVELERS FEEL SAFE**

1995	71 percent	
1999	67 percent	
2000	72 percent	
2001	72 percent	
2005	74 percent	Goal

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — TRANSPORTATION SAFETY DIVISION —

BUDGET HIGHLIGHTS

TRANSPORTATION SAFETY DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Statewide Operations	\$ 2,959	\$ 3,926	\$ 3,886
Field Operations	15,483	14,858	18,901
TOTAL	\$ 18,442	\$ 18,784	\$ 22,787
Expenditures by Major Revenue Source:			
State (Dedicated Funds)	\$ 5,551	\$ 6,295	\$ 8,593
Federal Funds	12,891	12,327	14,194
General Fund		162	
Total	\$ 18,442	\$ 18,784	\$ 22,787
Expenditures by Category:			
Personal Services	\$ 2,020	\$ 2,838	\$ 2,914
Services & Supplies	3,259	3,136	3,376
Capital Outlay	194	59	238
Special Payments	12,969	12,751	16,259
Total	\$ 18,442	\$ 18,784	\$ 22,787

Positions	19	24	24
Full-Time Equivalent (FTE)	18.71	24.04	24.00

SUMMARY OF CHANGES

What appears to be a 21 percent increase in 2003-2005 program is actually a Student Driver Training Fund (SDTF) distribution timing issue. Administration of the SDTF was transferred from the Department of Education to TSD effective March 1, 2000. SDTF distributions are made to school districts annually – usually in September. The 2003-2005 increase in special payment reflects three payments and 2001-2003 only includes one, instead of two.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION SAFETY DIVISION —

ADOPTED POLITY PACKAGES

#094: LFO Adjustments
\$(683,842)

This package includes standard statewide reductions and a couple of technical adjustments.

Standard Statewide Reductions:	
Employee Compensation Freeze	\$ (406)
Inflation Reduction	<u>(688,820)</u>
subtotal	\$ (689,226)
Technical Adjustments	<u>5,384</u>
Total	<u>\$ (683,842)</u>

#430: Rent and Attorney General Fee Adjustments \$-0-

This package is needed to align several TSD 2003-2005 line item budgets with the 2001-2003 estimated expenditures for those line items.

#431: Program Enhancement and Reclassification \$-0-

This package reclassifies two positions without any increase in expenditure limitation.

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— PUBLIC TRANSIT DIVISION —

Public Transit Division

Oregon Department of Transportation
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— PUBLIC TRANSIT DIVISION —

PUBLIC TRANSIT DIVISION

The Public Transit Division (PTD) provides grant assistance, advocacy and technical assistance to communities and local transportation providers to help people get where they need to go when they need to get there. Mobility is needed to live independently and participate in Oregon's economy. The division also develops and encourages the use of transit, ridesharing, telecommuting, schedule shifting, walking, bicycling, and other alternatives to driving alone during peak travel times as ways to reduce congestion, diminish environmental impacts and improve the functioning of Oregon's highways.



PTD PROGRAMS

- General Public Transit
 - Operating Grants**
 - Welfare to Work Grants and Technical Assistance**
- Intercity Passenger Services
- Special Needs Transportation Services
- Transportation Demand Management
- Public Transportation Planning

Oregon Department of Transportation
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GENERAL PUBLIC TRANSIT

PTD provides technical and grant assistance to offer a mobility choice within and between rural communities for those who need assistance to get around in order to support Oregon's goals for productive and healthy communities.

– **Operating Grants**

This division program provides grant assistance to public and private not-for-profit entities delivering transportation services to the public in communities of fewer than 50,000 people. The primary source of funding is the Federal Transit Administration (FTA) through the Non Urbanized Area Formula Assistance Program. Funds may be used for planning, operations, and capital purchases or technology improvements. Thirty-eight communities around the state receive annual formula grants through this program.

– **Welfare to Work Grants and Technical Assistance**

The division provides technical assistance to help local agencies pursue funding through the FTA Job Access and Reverse Commute (JARC) program. During the 2001-2003 biennium the division also obtained pass-through grant funding to provide employment related transportation for low-income workers in Central Oregon, La Grande, and Baker City. Transit staff provide technical assistance to Marion/Polk, Jackson, Wasco, and Douglas Counties as well as the City of Bend so that these local governments can receive direct federal grants.

INTERCITY PASSENGER SERVICES

Grants and Technical Assistance: One part of the federal Small City and Rural Program is the Intercity Passenger Program. This program promotes intercity passenger services connecting rural communities through incentive funding, information and equipment to make vehicles accessible. Emphasis is placed on connecting communities of 2,500 or more with the next larger market economy and connecting travel modes (bus, rail and air). Support and advocacy is also provided to improve travel information systems. Staff provide technical assistance, identify service gaps, work with committees to prioritize needs, and manage grant contracts to meet priority needs. Funds may also be used for technological improvements.

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SPECIAL NEEDS TRANSPORTATION SERVICES

Funds are allocated through the Special Transportation Fund Program to governing bodies which contract with providers to deliver transportation services to the elderly and disabled. Funds include Cigarette Tax and Transportation Operating Fund revenues. Seventy-five percent of funds are distributed as formula grants based on population. The other 25 percent is distributed along with federal Elderly and Disabled Capital Program funds and Federal Highway Administration Surface Transportation Program funds as discretionary grants based on need and merit.

More than half of the resources used to meet the transportation needs of Oregon's elderly and disabled were first provided in 1999 through approval of the Oregon Transportation Network (OTN) component of the Governor's Livability Initiative. In addition to addressing the mobility needs of Oregon's elderly and disabled, the OTN increases intercity bus and rail passenger transportation and improves coordination of transportation resources among state agencies. To implement the goals the division initiated the following:

- ODOT is working with the Department of Human Services in seven communities to make transportation service for the elderly and disabled more efficient through improvements like transportation brokerages, vehicle sharing, joint maintenance, and other coordination improvements.
- OTN resources are also being invested in improving the quantity and quality of transportation information available to the public statewide. The long-term goal is to give travelers a one-stop telephone, kiosk, or computer connection to identify and chose among transportation options within and among communities. This information would be used to plan, book and pay a trip to move the customer seamlessly among transportation modes from where he or she is to where he or she wants to be.
- As part of the OTN, the Intercity Passenger program is helping support four rural bus connections to Amtrak passenger rail services for those living near the I-5 Corridor.
- One key component of the OTN is to improve the condition and capacity of vehicles providing trips for the elderly and disabled. Part of the discretionary grant resources offered by the division comes from \$12 million in federal Surface Transportation Program Funds. These are flexible funds that could be used to meet any capital need. It is a priority of the Department and Oregon Transportation Commission to invest them in improving the condition of the fleet transporting the elderly and disabled, the goal is to increase from 66 percent "fair or better", to more than 80 percent fair or better.

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— PUBLIC TRANSIT DIVISION —

TRANSPORTATION DEMAND MANAGEMENT





The Transportation Demand Management Program (TDM) encourages development of services and facilities to help ODOT manage transportation system capacity. The program helps ODOT achieve national and state goals for land use, air quality, congestion management, energy conservation and promotion of mobility alternatives for commuters. Examples include rideshare programs, park and ride lots, telecommuting, and incentive programs to encourage the use of alternatives to driving alone. Division staff provide technical assistance and contract oversight for TDM/Rideshare programs in Albany-Corvallis, Bend, Eugene, Medford, Portland and Salem. Technical assistance is also provided to ODOT regional staff and communities in problem identification and development of appropriate TDM strategies.

PUBLIC TRANSPORTATION PLANNING

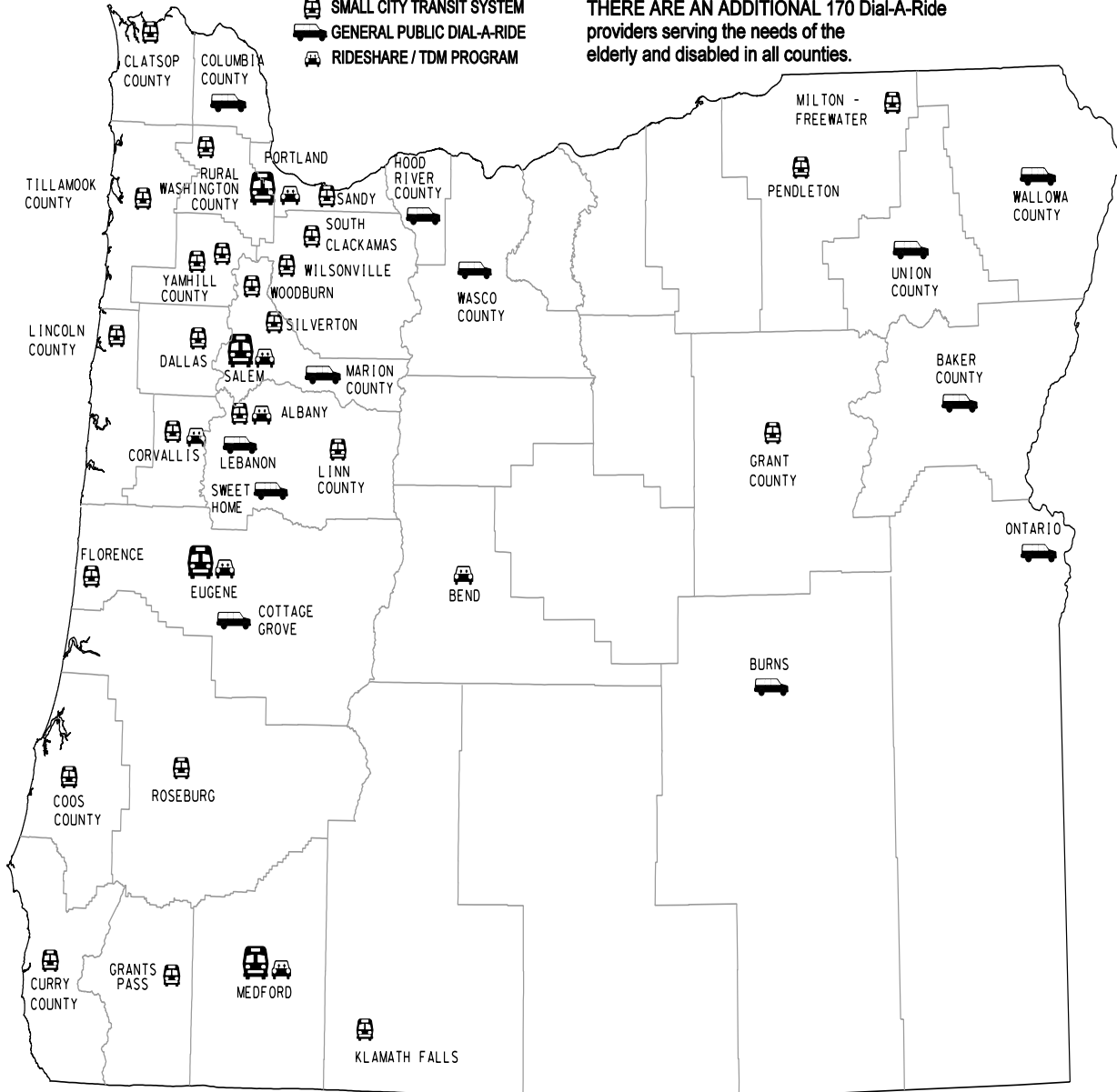
The Transit Planning Program supports statewide transit planning and policy development. Division staff provide technical expertise in plan review for local, regional and statewide plans to ensure the appropriate consideration of public transit needs. The division administers federal pass-through funds for Metropolitan Planning Organizations in Eugene, Portland, Salem, Medford, Bend and Corvallis areas for use in intermodal transportation planning.

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 — PUBLIC TRANSIT DIVISION —

GENERAL PUBLIC TRANSIT SYSTEMS:

-  URBAN TRANSIT SYSTEM
-  SMALL CITY TRANSIT SYSTEM
-  GENERAL PUBLIC DIAL-A-RIDE
-  RIDESHARE / TDM PROGRAM

STATEWIDE:
 THERE ARE AN ADDITIONAL 170 Dial-A-Ride providers serving the needs of the elderly and disabled in all counties.



Rev. December 2000

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ISSUES / TRENDS

– **URBAN CONGESTION**

There is no ongoing, dedicated source of state funding to support urban transit. Oregon's urban traffic congestion is becoming more severe, and this congestion imposes significant costs of delay on society. Oregon's visionary land use and environmental policy challenge the transportation community to provide modern transit alternatives for urban commuters. Transportation alternatives must continue to be an integral part of transportation improvements in urban areas. The Public Transit Division is challenged to develop state policy and strategy providing stable state, federal and local financial partnerships supporting planned urban transit system improvements.

– **TRANSPORTATION FOR THE ELDERLY AND DISABLED**

As part of the OTN, the Public Transit Division received significant additional support for the Special Transportation Program for Elderly and Disabled through the 1999-2001 Legislatively Approved budget. This support came as an initiative to achieve a system vision in which the elderly, the disabled and people living in rural communities would have access to the mobility services they need to age in place and enjoy a high quality of life. Services include adequate accessible vehicles, and operating support as well as communications, dispatching and other improvements needed to improve efficiency and effectiveness. This initiative has been continued in through 2003-2005. In this, the division faces the challenge of maintaining the pace of change and improvement through innovation and process improvement. This is a challenge we will face with our local partners.

– **AGING PUBLIC**

Not only is Oregon's population growing, but the fastest growing segments of the population include our oldest residents. Many express the desire to age in place at home. They need transportation and other services to make that feasible, and the cost to provide those services is much less than the cost of premature institutionalization.

– **MOBILITY NEEDS OF THE ELDERLY AND DISABLED**

While significant improvements are being made with the OTN resources, about half the reported need is still unmet. The state has invested significant resources in providing older and disabled residents with the mobility they need to live independent and productive lives. This investment needs to be sustained in the 2003-2005 biennium, and increased in future biennia to provide mobility alternatives for older drivers who chose not to drive or lose their driving privileges.

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— PUBLIC TRANSIT DIVISION —

– **TRANSPORTATION DEMAND MANAGEMENT**

Transportation Demand Management strategies have great potential to cost-effectively offset peak travel demand in urban areas. Strategies include a combination of marketing, educational, ride matching and structural improvements (such as Park and Ride lots). Local TDM strategy development is encouraged by supporting regional staffing of TDM issues. Maintaining stable funding support for these regional efforts is a significant challenge. Another challenge is to create statewide measurement standards for use in evaluating program benefits. Staff will be working with ODOT region planners to determine the most effective TDM investments through careful screening of each planned project.

– **DATA COLLECITON AND PERFORMANCE MEASURES**

Work continues to be done with social service and other agencies to better refine Oregon's vision of the quantity and quality of mobility services needed by Oregon's elderly and disabled.

– **GENERAL PUBLIC BUS FLEET**

About 800 buses serve the general public in small and large communities. This fleet is aging and local resources are inadequate to maintain the safe, efficient and growing fleet needed to reduce congestion, improve air quality and help the state highway system function as it was designed to do. This will remain an unmet need during the 2003-2005 biennium.

PERFORMANCE MEASURES

– **TOTAL RIDES**

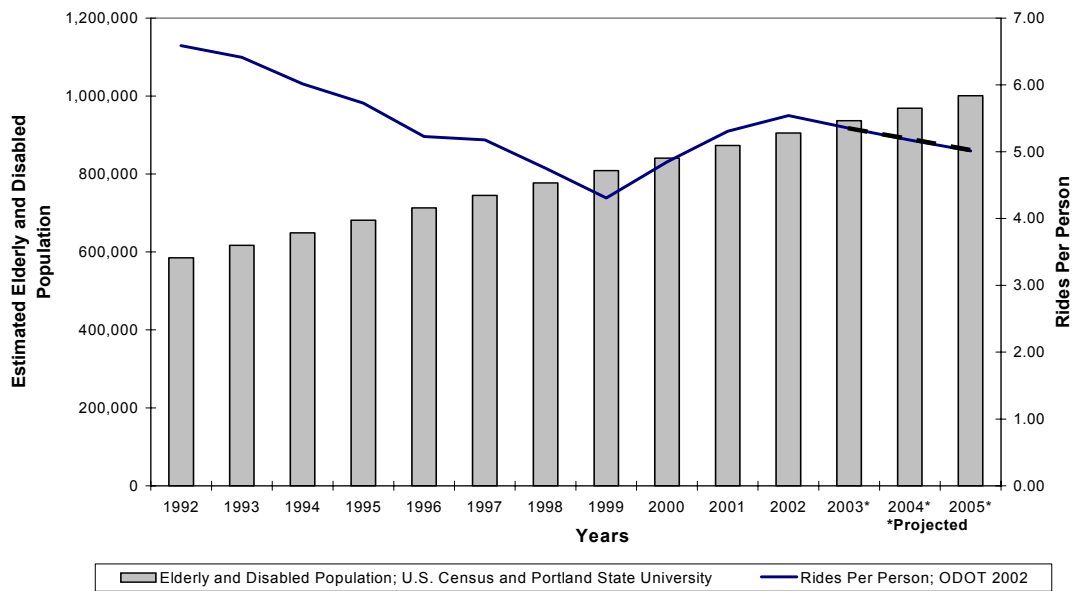
Public Transit ridership is growing. As population densities increase and transit service options improve, transit use continues to grow. Oregon's upward trend is expected to continue in the 2003-2005 biennium.

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 — PUBLIC TRANSIT DIVISION —

Oregon's recent urban, rural and special transportation rides are:

1992	68.6	million rides
1994	71.1	million rides
1996	83.9	million rides
1998	85.3	million rides
1999	92.9	million rides
2000	103.9	million rides

Annual "Rides per Person" Provided for Elderly and Disabled Oregonians



– **RURAL AND SPECIAL TRANSPORTATION RIDES PER CAPITA**

PTD programs are targeted to achieve ODOT goals for air quality, travel access, and mobility needs. Mobility grants are offered so that elderly, the disabled and those living in rural communities will have rides that contribute to travel equity and independence. In 2003-2005 PTD may have trouble retaining rides-per-person improvements if funds constrict and elderly and disabled population continues to increase.

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 — PUBLIC TRANSIT DIVISION —

BUDGET HIGHLIGHTS

PUBLIC TRANSIT DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
General Public Transit	\$ 8,577	\$ 9,424	\$ 11,246
Intercity Passenger Services		1,210	940
Special Needs Transportation Services	14,151	27,094	34,975
Transportation Demand Management	119	149	1,645
Public Transportation Planning	773	903	977
TOTAL	\$ 23,620	\$ 38,780	\$ 49,783
Expenditures by Major Revenue Source:			
State	\$ 1,816	\$ 9,343	\$ 18,634
Federal Funds	12,772	21,748	31,149
General Fund	9,032	7,689	
Total	\$ 23,620	\$ 38,780	\$ 49,783
Expenditures by Category:			
Personal Services	\$ 1,398	\$ 1,720	\$ 1,765
Services & Supplies	795	680	2,310
Capital Outlay	1		
Special Payments	21,426	36,380	45,708
Total	\$ 23,620	\$ 38,780	\$ 49,783

Positions	13	13	14
Full-Time Equivalent (FTE)	12.96	13.04	13.50

SUMMARY OF CHANGES

The 2001-2003 increase is primarily the result of a budget adjustment to reclassify the distribution of Special Transportation Fund revenue from a revenue transfer to a Special Payment (Other Funds increase) and an increase in Federal revenue pay out.

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 — PUBLIC TRANSIT DIVISION —

The 2003-2005 increase is a combination of program enhancements totaling \$4.7 million, 2001-2003 under spending of \$7.3 million carrying forward, and a net \$1 million reduction in General Fund.

- Program enhancements include: \$1.2 million for Elderly and Disabled Transportation, funded with an increase in the DMV identification card fee; \$2.0 million for Mass Transit Vehicle Replacement, funded with FHWA Surface Transportation funds; and \$1.5 million for Transportation Demand Management, funded with FHWA Surface Transportation funds.
- The 2001-2003 under spending includes \$5.9 million in Federal Funds and \$1.4 million in Other Funds.
- The \$1 million General Fund reduction is net of a \$6.7 million increase (fund shift) in Other Funds revenue – Transportation Operating Fund of \$4.2 million and ID Card revenue of \$2.5 million.

Adopted Policy Packages

#094: LFO Adjustments
\$4,316,239

This package includes standard statewide reductions, program enhancements totaling \$4.7 million, and a couple technical adjustments.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (58,692)		
Inflation Reduction	(337,747)		
Attorney General Rate Reduction	(603)		
Subtotal	\$ (397,042)		
Program Enhancements:			
Elderly & Disabled Transportation	1,205,378		
Mass Transit Vehicle Replacement	2,000,000		
Transportation Demand Management	1,500,000		
Technical Adjustments	7,903		
Total	\$ 4,316,239		

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— PUBLIC TRANSIT DIVISION —

#187: Mill Creek Building Rent Pilot

\$-0-

ODOT proposes to develop a pilot rent structure for the Mill Creek office building. Having a stable funding source will help address the current and projected deterioration of the building and simplify budgeting for building occupants. ODOT Facilities will collect rent from building occupants and use this rent along with parking revenues for maintaining the facility. PTD is one of the occupants. This package creates a TPD budget for facilities rent by reducing other Services & Supplies line items. The estimated 2003-2005 facility expenditures for the Mill Creek building are \$735,494. This funding level provides a subsistence level of maintenance for the building.

#410: Public Transit Division Fiscal Manager

\$(2,232) 1 Position / .50 FTE

This package will improve budgeting, financial management and monitoring of state and federal grant funds as well as the oversight of business and payment processing systems.

Note: The negative dollar amount shown is offset by one of the technical adjustments in package #094.

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— RAIL DIVISION —

Rail Division

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— RAIL DIVISION —

RAIL DIVISION

The Rail Division represents and advocates for customers of railroads, both passenger and freight, to ensure a safe, efficient and reliable rail transportation system.



The Amtrak Cascades rolls through downtown Salem past the 12th Street walkway.

RAIL DIVISION PROGRAMS

- Rail and Crossing Safety
 - Rail Safety**
 - Crossing Safety**
 - Rail Transit Safety Oversight**
 - Rail Planning, Projects and Operations
 - Rail Planning, Projects and Operations**
 - Railroad Property Management**
 - Project Funds
 - Passenger Rail
 - Operations
-

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— RAIL DIVISION —

RAIL AND CROSSING SAFETY

– **Rail Safety**

The Rail Safety Program inspects track, locomotives and rail cars and ensures compliance with regulations related to hazardous materials and railroad operating practices. It also inspects railroad sidings and yards to ensure the safety of railroad workers. These programs are funded by an assessment on all railroads based on annual gross operating revenues generated in the Oregon Rail Fund.

– **Crossing Safety**

The Crossing Safety Program authorizes all changes at public highway-railroad crossings. It inspects all public crossings on a regular basis, enforces laws related to crossing blockages and manages federal- and state-funded crossing safety improvement projects. This program is funded 50 percent from the Rail Fund and 50 percent from the Grade Crossing Protection Account. Crossing improvement projects are funded primarily by federal highway funds dedicated to the elimination of highway-railroad crossing hazards, with state matching funds provided by the Grade Crossing Protection Account.

– **Rail Transit Safety Oversight**

The 2001 Legislature expanded ODOT's responsibilities for the safety oversight of rail fixed guideway systems, such as light rail, streetcars and trolleys, to include all such operations. It also provided two additional positions to ensure a high level of public safety. This program is funded from an assessment on the rail fixed guideway operations (Tri-Met, Portland streetcar, Astoria trolley and Willamette Shore trolley).

RAIL PLANNING, PROJECTS, AND OPERATIONS

– **Rail Planning, Projects and Operations**

This program coordinates Oregon's partnership in the Pacific Northwest High Speed Rail Corridor, manages railroad improvement projects associated with passenger and freight rail operations, develops and implements freight and passenger rail plans, and represents Oregon on railroad merger, abandonment and rail service issues. This program is funded with General Fund, Federal Funds and other funds.

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— RAIL DIVISION —

– **Railroad Property Management**

Railroad Property Management manages 170 miles of railroad right-of-way and the Salem railroad station. Responsibilities include managing property, negotiating leases, and issuing permits and private crossing agreements in cooperation with the operating railroad that has an exclusive easement over the property.

PROJECT FUNDS

A separate budget structure exists for crossing safety improvement projects. This program is funded with Federal Highway Railroad Hazard Elimination funds and the Grade Crossing Protection Account.

PASSENGER RAIL

This program manages and markets intercity passenger rail operations and related thruway motorcoach service. It is funded with General Fund and a surplus in the Environmental Quality Information (custom license plate fee revenue) Fund (EQIF). The EQIF revenue is one-time and therefore replacement revenue will be needed in 2005-2007 in order to maintain service.

OPERATIONS

Division administration defines overall state rail policies, ensuring that rail interests are adequately addressed inside and outside ODOT, and coordinates the various functions of the division.

ISSUES/TRENDS

- There is a growing interest in local and regional commuter and interurban passenger rail service, with no consistent funding source for planning assistance.
- Short-line railroads continue to need rehabilitation to handle the increased weight of rail cars.

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— RAIL DIVISION —

- The absence of a stable funding source for the Passenger Rail Program continues to make the future of passenger rail in Oregon uncertain.
 - The growth of the rail industry could outpace the division’s ability to reasonably protect the public from rail-related incidents.
-

PERFORMANCE MEASURES

– **RAIL CROSSING INCIDENTS**

Number of highway-railroad at-grade incidents.

2000: 27

2005: 25 (Target)

– **DERAILMENT INCIDENTS**

Number of train derailments caused by human error, track, or equipment.

2000: 30

2005: 27 (Target)

– **PASSENGER RAIL RIDERSHIP**

Number of rail service passengers

2000: 92,362

2005: 150,000 (Target) - subject to the addition of a third Amtrak Cascades train.

Oregon Department of Transportation
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 — RAIL DIVISION —

BUDGET HIGHLIGHTS

RAIL DIVISION EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS:			
Rail and Crossing Safety	\$ 2,755	\$ 2,783	\$ 3,097
Rail Planning, Projects, Operations	10,301	18,653	70,639
Project Funds	3,906	6,068	4,796
Passenger Rail	10,573	9,263	9,565
Operations	136	664	943
TOTAL	\$ 27,671	\$ 37,431	\$ 89,040
Expenditures by Major Revenue Source:			
State	\$ 5,925	\$ 6,869	\$ 12,491
Federal	11,173	18,846	27,062
Lottery Bonds		2,453	45,572
General Funds	10,573	9,263	3,915
Total	\$ 27,671	\$ 37,431	\$ 89,040
Expenditures by Category:			
Personal Services	2,822	3,403	3,458
Services & Supplies	1,657	9,903	7,329
Capital Outlay	556	396	-0-
Special Payments	19,860	23,729	78,253
Debt Service	2,776		
Total	\$ 27,671	\$ 37,431	\$ 89,040

Positions	21	28	25
Full-Time Equivalent (FTE)	19.55	26.88	25.50

SUMMARY OF CHANGES

The 2001-2003 increase is a combination of increased Federal revenue pay out (\$7.7 million) and the Short Line Infrastructure Assistance program (\$2 million) – a Lottery Bond funded program authorized by the 2001 Legislature.

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 — RAIL DIVISION —

The 2003-2005 increase is the result of an expected \$8.2 million increase in Federal revenue pay out and a \$43.6 million increase in Lottery Bond funded projects – South Metro Commuter Rail (\$35.6 million) and Industrial Spur Infrastructure Improvements (\$8 million).

The 2003-2005 budget also includes a \$4.9 million fund shift for the Passenger Rail program. The Legislature reduced the program’s General Fund and authorized a one-time backfill using Environmental Quality Information Account surplus funds.

ADOPTED POLICY PACKAGES

#094: LFO Adjustments

\$31,355,209 (2) Positions / (2.00) FTE

This package includes standard statewide reductions; several program adjustments; the continuation of the Short Line Infrastructure Assistance program; a new Lottery Bond funded project – Industrial Spur Infrastructure Improvements; and a couple technical adjustments.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Vacant Position Elimination	\$ (97,875)	(1)	(1.00)
Inflation Reduction	(554,721)		
Attorney General Rate Reduction	(6,153)		
Subtotal	\$ (658,749)	(1)	(1.00)
Program Adjustments:			
Rail Crossing Project Pay Out	1,847,657		
South Metro Commuter Rail	20,239,758		
Passenger Rail	(94,986)	(1)	(1.00)
Short Line Infrastructure Assistance	2,000,000		
Industrial Spur Infrastructure	8,000,000		
Technical Adjustments	21,529		.50
Total	\$ 31,355,209	(2)	(1.50)

Oregon Department of Transportation
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— RAIL DIVISION —

#187: Mill Creek Building Rent Pilot

\$-0-

ODOT proposes to develop a pilot rent structure for the Mill Creek office building. Having a stable funding source will help address the current and projected deterioration of the building and simplify budgeting for building occupants. ODOT Facilities will collect rent from building occupants and use this rent along with parking revenues for maintaining the facility. The Rail Division is one of the occupants. This package creates Rail Division budget for facilities rent by reducing other Services & Supplies line items. The estimated 2003-2005 facility expenditures for the Mill Creek building are \$735,494. This funding level provides a subsistence level of maintenance for the building.

#420: Rail Division Fiscal Manager

\$66,166 .50 FTE

This package is will improve budgeting, financial management and monitoring of Rail Division funds as well as the oversight of business and payment processing systems.

#424: Category Shift - Error Correction

\$-0-

This package corrects a 2002-2003 budget development error that has carried forward into 2003-2005 budget development by shifting \$5 million of Federal Fund expenditure limitation from Capital Outlay to Services and Supplies.

#425: Lewis and Clark Celebration Excursion Train

\$1,116,190

This package provides the necessary expenditure limitation for the Rail Division to expend yet-to-be-identified revenue to cover the estimated 2003-2005 operating subsidy for an excursion-style train service between Portland and Astoria commemorating the Lewis and Clark expedition. The Legislative Emergency Board approved the use of Transportation Operating Fund (TOF) to purchase the train equipment at its January 2003 meeting, however did not approve the use of TOF to cover the operating subsidy.

Transportation Program Development

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

TRANSPORTATION PROGRAM DEVELOPMENT

State and federal laws and rules require ODOT to conduct planning activities to design and operate an efficient transportation system. To this end, Transportation Program Development (TPD) coordinates the future use of transportation resources among federal, state, regional and local agencies. In the 2001 session, the Legislature created the TPD program by combining the activities and responsibilities of TPD and the Highway Planning Program.

TPD PROGRAMS

- Statewide and Regional Studies
 - Statewide Planning Projects**
 - Strategic Planning and Special Studies**
 - Regional Planning**

 - Technical Assistance and Coordination
 - Local Government Assistance**
 - Statewide Coordination**
 - Access Management Assistance and Coordination**
 - Technology Transfer**

 - Analysis and Research
 - Transportation Management Systems**
 - Transportation Data and Mapping**
 - Transportation Planning Analysis**
 - Statewide Transportation Modeling**
 - Multi-state Research Projects**
 - Research Projects**

 - State Transportation Improvement Program Development.
-

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— TRANSPORTATION PROGRAM DEVELOPMENT —

STATEWIDE AND REGIONAL STUDIES

Statewide Planning Projects

TPD oversees the following projects:

- The Oregon Transportation Plan (OTP) which is a statewide multimodal transportation plan that establishes the policies that are implemented through modal and facility plans.
- The Oregon Highway Plan (OHP) which emphasizes the safety and efficient management of the highway system.
- Coordination with other long-range plans such as the Bicycle and Pedestrian Plan and the Transportation Safety Action Plan.
- The Oregon Freight Advisory Committee is a legislatively mandated committee created to provide data to support transportation planning, programming and policy at the local, regional, statewide and national levels. Input from the committee is used to support the Freight Management System.



**Complex transportation systems
require long-range planning.**

Strategic Planning and Special Studies

- The ODOT Strategic Plan addresses the department’s purpose and overall strategy. It identifies ways to become more efficient and accountable to better serve our customers and to track the department’s progress over time.
- Policy, Economic, Financial and Taxation Studies research innovative transportation financing options and implementation strategies, analyze proposed changes to automobile and truck taxation systems and research new and improved transportation technologies. Policy and economic analyses of emerging transportation issues and legislative initiatives affecting the work of the department are part of this effort.

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— TRANSPORTATION PROGRAM DEVELOPMENT —

- Socioeconomic and Safety Studies include evaluations of program effectiveness and analysis of transportation policy implications.

Regional Planning

- Facility Plans identify transportation problems, analyze solutions and determine the most effective actions to manage and improve facilities for long-term operations.
- The Transportation Planning Rule adopted in 1991 by the Department of Land Conservation and Development and amended in 1998 requires:
 - ODOT to prepare Transportation System Plans (TSP) to identify transportation facilities and services that can help meet identified state needs. The state's TSP includes the Oregon Transportation Plan and adopted modal, corridor and refinement plans.
 - Metropolitan Planning Organizations to prepare regional TSPs. Cities and counties must prepare local TSPs consistent with each other and the state and regional TSPs.
 - Other planning efforts such as Refinement Plans, Highway Designation Plans, Downtown Plans, Access Management Plans, Interchange Management Plans, Development Review and Safety Corridor Plans.

TECHNICAL ASSISTANCE AND COORDINATION

Local Government Assistance

- Each year, ODOT assists the approximately 30 local governments that conduct periodic reviews of their comprehensive land use plans. ODOT staff and local government officials consider how these plans implement and balance the statewide planning goals.
- ODOT administers funds for the state's MPOs. ODOT region planners are ODOT's coordinators for the MPOs. Responsibilities include review of yearly Unified Planning Work Program and work with the MPOs on specific projects.

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— TRANSPORTATION PROGRAM DEVELOPMENT —

Statewide Coordination

TPD coordinates with agencies and partners that interact with the state transportation system. Examples are the Area Commissions on Transportation and the Governor's Economic Recovery Team.

Access Management Assistance and Coordination

This program supports the state investment in the highway system through planning the location, design and operation of driveways, median openings, interchanges and public street connections. The program supports the region staff in day-to-day permitting functions, particularly during project design and delivery, to ensure roadways are safe and can move traffic efficiently. This program also maintains the department's electronic permitting system.

Technology Transfer

This unit collects and shares information with federal, state and local agencies. The center is funded 50 percent by federal funds and is matched by local agencies.

ANALYSIS AND RESEARCH

Transportation Management Systems

ODOT's six management systems programs (Bridge, Pavement, Safety, Traffic Monitoring, Freight/Intermodal and Congestion) are designed to provide integrated information through data collection, research and analysis in support of ODOT's Statewide Transportation Improvement Program development as well as other internal policy and program initiatives. Products from these efforts also assist other state and local decision-makers in the selection of cost-effective policies, programs and projects that protect and improve Oregon's transportation infrastructure as well as support

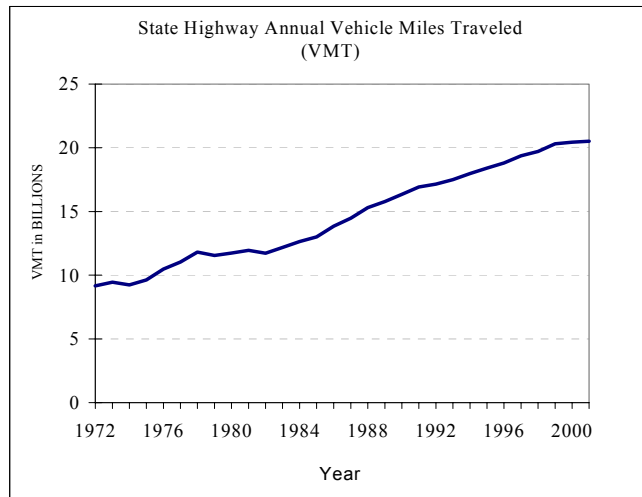


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— TRANSPORTATION PROGRAM DEVELOPMENT —

mandated federal programs, such as the Highway Performance Monitoring System and National Bridge Inventory submittals.

Transportation Data and Mapping

Transportation Data collects, analyzes, integrates and delivers data to statewide decision-makers to help support and prioritize Oregon's transportation needs and to satisfy federal reporting requirements. Data is analyzed and then used by various program areas to assess current conditions as well as to track statistics and the performance of transportation facilities, programs and systems. This information assists program managers in making the most efficient use of resources.



Examples of transportation data and mapping include:

- State Highway and Public Road Inventory Systems (databases and publications)
- Functional Classification of Highway Systems (classify all public roads based on usage)
- State Highway Video Log (digital images and videotapes for all highways)
- Geographic Information Systems/Mapping Products (statewide, county, city and custom products)
- Highway Performance Monitoring System (annual submittal to Federal Highway Administration used for funding allocation and for analysis)
- Certified Mileage Report (annual submittal to Federal Highway Administration used for funding allocations)
- Oregon Mileage Report (annual report summarizing mileages for agencies with jurisdiction over public roads)

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

Transportation Planning Analysis

This program provides technical expertise in analyzing transportation systems and alternative planning, such as:

- Deficiencies and needs inventory
- Congestion inventories and forecasts to support the Congestion Management System
- Transportation system, corridor and refinement plan reviews
- Traffic forecasts and analysis for project selection, environment impact analysis and design recommendations.



Statewide Transportation Modeling

Modeling helps develop statewide computer models that significantly enhance information available for making decisions that integrate land use, economics and transportation. The program is guided by a statewide modeling steering committee with members from 12 state and federal agencies and MPOs.

Multi-state Research Projects

Multi-state research projects include participation and involvement in national and regional transportation research initiatives, such as:

- National Cooperative Highway Research Program
- Transit Cooperative Research Program
- Implementation of the Strategic Highway Research Program
- Transportation Research Board

Research Projects

Research projects emphasize new technology that will help ODOT and the transportation system work better. Areas covered include bridge (pavements, materials, construction, maintenance and hydraulics), geotechnical, roadway design, planning and socioeconomic factors, and Intelligent Transportation System.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

**STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM
DEVELOPMENT**

Federal regulations require ODOT to develop a transportation improvement program and update it every two years. The STIP development process begins with the identification and preliminary prioritization of problem areas. This identification and prioritization is based on transportation system planning, crash data, management systems and stakeholder input. The next step is to review alternatives for the priority problem areas. The review typically includes individuals with expertise in pavement, bridge, environmental, geohydro, planning and traffic engineering. The final step is to decide which projects to include in the STIP based on available revenue, cost-benefit information, local cost-sharing agreements, stakeholder input and other programming considerations.

ISSUES/TRENDS

- More work is needed to classify and designate highway segments such as Special Transportation Areas, Urban Business Areas, and Commercial Centers and Expressways. These are important components for smooth traffic flow and economic development.
- Work needs to continue to develop the next generation of a statewide model that incorporates transportation, land use and economic indicators.
- Requests for analysis and research are increasing.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

PERFORMANCE MEASURES

– **TRANSPORTATION DATA SECTION PRODUCT DELIVERY**

Percent of custom products meeting update targets

2000	99 percent	
2001	99 percent	
2002	98 percent	
2003	95 percent	Goal
2004	95 percent	Goal
2005	95 percent	Goal

– **TRANSPORTATION SYSTEM PLANS ACKNOWLEDGEMENT**

Percent of cities, counties and MPO's with a transportation system plan in place.

2000	12 percent	
2001	23 percent	
2002	28 percent	
2003	32 percent	Goal
2004	36 percent	Goal
2005	40 percent	Goal

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — TRANSPORTATION PROGRAM DEVELOPMENT —

BUDGET HIGHLIGHTS

TRANSPORTATION PROGRAM DEVELOPMENT EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Statewide and Regional Studies	\$ 18,764	\$ 22,844	\$ 29,260
Technical Assistance and Coordination	11,896	3,297	3,951
Analysis and Research	20,170	24,591	23,415
STIP Development	2,474	4,648	4,660
TOTAL	\$ 53,304	\$ 55,380	\$ 61,286
Expenditures by Major Revenue Source:			
State	\$ 32,781	\$ 20,455	\$ 22,944
Federal	20,340	34,925	38,342
General Funds	183		
Total	\$ 53,304	\$ 55,380	\$ 61,286
Expenditures by Category:			
Personal Services	\$ 24,504	\$ 30,839	\$ 31,078
Services & Supplies	21,955	21,645	23,003
Capital Outlay	272	331	271
Special Payments	6,573	2,565	6,934
Total	\$ 53,304	\$ 55,380	\$ 61,286
Positions	129	234	224
Full-Time Equivalent (FTE)	125.28	223.76	218.32

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — TRANSPORTATION PROGRAM DEVELOPMENT —

Summary of Changes

The nominal increase in 2001-2003 expenditures essentially represents inflation. An April 2002 \$4.9 million Emergency Board action to complete the consolidation of Highway Planning and the Transportation Development Division programs – creating TPD – was virtually offset by under expenditure in the Special Payments category.

Note: the 1999-2001 expenditures have been adjusted to include Highway Planning but the position and FTE counts have not been adjusted.

The 2003-2005 increase is primarily the result of the 2001-2003 budgeted Special Payment category level carrying forward – which was under spent by \$4.4 million – and the addition of \$.9 million for PERS debt service.

Adopted Policy Packages

#094: LFO Adjustments

\$(1,517,061) (9) Positions / (3.83) FTE

This package includes standard statewide reductions; thirteen position actions (2 abolishments, 8 upward reclassifications, 1 downward reclassification, and 2 increasing budgeted months); and a couple technical adjustments.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (201,210)		
Vacant Position Elimination	(395,197)	(6)	(3.08)
Inflation Reduction	(748,959)		
Attorney General Rate Reduction	(21,598)		
subtotal	\$(1,366,964)	(6)	(3.08)
Position Actions	(69,797)	(2)	(.41)
Technical Adjustments	(80,300)	(1)	(.34)
Total	\$ (1,517,061)	(9)	(3.83)

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

#187: Mill Creek Building Rent Pilot

\$-0-

ODOT proposes to develop a pilot rent structure for the Mill Creek office building. Having a stable funding source will help address the current and projected deterioration of the building and simplify budgeting for building occupants. ODOT Facilities will collect rent from building occupants and use this rent along with parking revenues for maintaining the facility. TPD is one of the occupants. This package creates a facilities rent budget for TPD by reducing other Services & Supplies line items. The estimated 2003-2005 facility expenditures for the Mill Creek building are \$735,494. This funding level provides a subsistence level of maintenance for the building.

#402: Public Works Enhanced Training Program

\$80,850 .50 FTE

ODOT proposes to develop and implement an enhanced training program for the Oregon Technology Transfer (T2) Center. The program will be aimed at public works employees and front-line supervisors in local government public works occupations.

The T2 program provides technical information and training services to local and tribal government public works programs in Oregon. It provides a Web site, a quarterly newsletter, on-call information services, a technical publication and video lending library, circuit rider service and a limited curriculum of training courses. T2 also sponsors and helps coordinate conferences and training events in partnership with Associated Oregon Counties, the League of Oregon Cities and the Oregon Chapter of the American Public Works Association.

An increase in the staffing level for the program from 0.5 to 1.0 FTE will provide additional staff resources to develop and deliver new training courses.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

#403: Oregon Highway Cost Allocation Study
\$150,000

This package increases ODOT's payment to the Department of Administrative Services for the preparation of the Oregon Highway Cost Allocation Study.

The Oregon Highway Cost Allocation Study allocates the costs of constructing, maintaining, and operating Oregon's highway system among different vehicle types and weight classes. It provides information to the Legislature for setting truck and automobile highway user tax rates. The Oregon Department of Transportation, other state agencies, the Legislature, local governments, and the public use the results of the study. The Oregon Constitution requires that a Highway Cost Allocation Study be conducted once every two years and highway user tax rates be adjusted, if necessary, to ensure "fairness and proportionality" between light and heavy vehicles.

House Bill 3182 reduced the scope and depth of the study in the 2001-2003 biennium. This package restores that reduction, allowing for an increase in the scope of the study and the incorporation of new and improved study methodologies.

#404: Transportation Growth Management Program Transfer
\$-0- 4 Positions / 3.00 FTE

This package transfers four positions (3.00 FTE) from the Department of Land Conservation and Development (DLCD) to ODOT to assist local governments with grant and contracting processes and transportation systems plans. The personal services cost increase of \$466,477 is offset by a corresponding decrease in ODOT's Special Payment to DLCD.

**Central Services
Limitation**

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

CENTRAL SERVICES LIMITATION

The Central Services Limitation includes two administrative support divisions—Central Services Division and ODOT Headquarters — providing centralized administrative, support and managerial services to ODOT’s seven operating divisions, the Oregon Transportation Commission, external partners and stakeholders.

CENTRAL SERVICES DIVISION

Financial Services:

- Revenue and Expenditure Accounting
- Vendor Payments and Central Authorization
- Payroll and Benefits Coordination
- Full Cost Accounting, Benefit/Cost Analysis and Rate Development
- Revenue Forecasting, Economic Analysis and Feasibility Studies
- Statewide Financial Reporting
- Budget Development and Execution
- Innovative Finance, Bonding and Debt Management
- Fuels Tax Administration, Audit and Collections, Administration, Audit and Collection of Local Fuels Taxes for the Counties of Multnomah and Washington, and the City of Woodburn

Human Resources:

- Recruitment and Classification
 - Employee and Labor Relations
 - Human Resource Development
 - Employee Safety, Health and Risk Management
 - Customer Assistance and Technical Support
-

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

Information Systems:

- Business Application Software Development and Support
- Local and Wide Area Network Operations
- Data Center Operations
- Computer Security and Disaster Recovery
- Personal Computer Support
- Intelligent Transportation System Development and Support

Business Services:

- Purchasing and Contract Management
- ODOT Headquarters Facilities Management
- Records Management and Forms Design
- Business Services

Note: *Business Services is part of the Support Services organization. The majority of the Support Services programs - Fleet Services, Supply Operations, and Reprographics - are budgeted in Non-Limited not the Central Services Limitation. These programs are discussed in the Non-Limited section of this document.*

Deputy Director:

- Internal Audit Services
- Office of Civil Rights (OCR)

Note: *The Office of Civil Rights budget is split between two limitations. The amount budgeted in the Central Services Limitation (\$1.2 million and 6 FTE) represents OCR programs that benefit the entire department. The OCR programs that exclusively benefit the Highway Division (\$4 million and 8 FTE) are budgeted in the Special Programs Limitation. The office was shifted into Central Services Division in late 2001.*

ODOT HEADQUARTERS

ODOT Headquarters includes the Office of the Director and the Communications Division, composed of the ODOT Director, the Chief of Staff, Government Relations and the Office of Employee Safety. The Communications Division handles and oversees ODOT's internal and external media and educates and provides information about ODOT programs and transportation activities.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

ISSUES/TRENDS

– **INTERNAL AUDIT SERVICES**

Internal Audit Services emphasizes management's need for an oversight function to provide information to decision-makers and assess risks in areas where the department may not meet its objectives. Caseload and workload are increasing, with a larger portion of the branch's staff hours devoted to specific management requests.

– **FINANCIAL SERVICES**

ODOT has used the Transportation Environment Accounting and Management System (TEAMS) as the primary accounting system to process financial transactions since the mid-1980s. The design and architecture of TEAMS is based on older business models and on technologies that are becoming less flexible and obsolete. Over time, this has led to the creation of numerous independent "stove-piped" systems to meet a variety of accounting and management reporting needs throughout ODOT. This has created an increased number of interfaces to TEAMS, many of which require duplicate data entry. A strategy has been developed that ultimately will lead to a system replacement project. Although funding is not currently identified for this initiative, the system will provide ODOT with tools to improve financial management, streamline processes, reduce operating costs and report on cost accounting queries and other requests from the Legislature and other interested stakeholders.

– **HUMAN RESOURCES**

In the area of Human Resources, there is a continuing demand for data-driven decision-making such as pay differential, turnover and separation rate and other workforce management subjects. Because ODOT uses alternative project delivery approaches and because positions are shifted to meet service delivery needs, there is an increasing number of labor management issues. The economy also plays a role. In times of downturn there is an increase in grievances as well as an increase in recruitment issues.

Training development and training needed for alternative delivery also place demands on the organization. Trends towards online training, the use of distance learning tools, demands for training at the local level as well as an expectation for just-in-time delivery are also on the rise. Statewide classification studies on occupations such as engineering, administration and trades also are affecting the organization.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

– **CIVIL RIGHTS**

The Office of Civil Right’s Contract Compliance workload will be steadily increasing with OTIA projects. This is complex due to the use of Federal Funds in several OTIA projects having both state and federal civil rights contracting requirements. It requires an administration and contract compliance process to monitor the regulatory requirements of OTIA projects. The Office of Civil Rights will need to increase the amount of outreach in the minority business community to ensure there is enough competition for upcoming OTIA projects.

– **INFORMATION SYSTEMS**

ODOT business units will continue to integrate Information Technology into their operations, creating new demands for application software and underlying technical infrastructure. The rate of change in the computer industry will continue at its current rate, requiring critical agency technology to be upgraded to avoid systems becoming unsupported by vendors. Decades-old software systems must be replaced to meet current and future business requirements and to reduce ongoing support costs. Examples are DMV systems and ODOT’s accounting system. Technology will continue to be applied to transportation problems such as congestion, incident and highway safety management. Oregon’s citizens and businesses will place increasing demands on ODOT to provide information and services via the Internet in a manner similar to their experience with the private sector. These drivers will result in increased workload on Information Systems in order to meet the business needs of ODOT.

– **BUSINESS SERVICES**

The Support Services Branch’s Purchasing and Contract Management Section is experiencing increasing workloads across the agency, in the State Transportation Investment Program and with the implementation of the Oregon Transportation Investment Act program. These contracts have added to workload volume as well as increased complexity and new scopes of work.

Contract complexity has included new ways of establishing contracts, the development of new payment schedules, and an assurance that the projects developed by ODOT’s staff meet overall needs as well as the legal sufficiency reviews of the Department of Justice. Specialized training on contract management and an increase in the need to respond to calls from consulting/contracting firms has also increased.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — CENTRAL SERVICES —

BUDGET HIGHLIGHTS

CENTRAL SERVICES EXPENDITURES

(Dollars in Thousands)

	1999-2001 Revenue and Expenditures	2001-2003 Revenue and Expenditures	2003-2005 Adopted Budget
PROGRAMS			
ODOT Headquarters	\$ 5,649	\$ 7,224	\$ 7,684
Deputy Director	1,265	2,359	2,394
Financial Services	24,525	18,287	20,269
Human Resources	9,613	9,267	9,382
Information Services	58,403	60,209	64,213
Information Services – Y2K	5,597		
Business Services	6,488	6,601	7,144
TOTAL	\$ 111,540	\$ 103,947	\$ 111,086
Expenditures by Major Revenue Source:			
State	\$ 111,342	\$ 103,561	\$ 110,222
Federal	198	386	864
Total	\$ 111,540	\$ 103,947	\$ 111,086
Expenditures by Category:			
Personal Services	\$ 63,883	\$ 68,192	\$ 70,413
Services & Supplies	44,755	33,716	39,999
Capital Outlay	2,902	2,039	674
Total	\$ 111,540	\$ 103,947	\$ 111,086
Positions	549	502	489
Full-Time Equivalent (FTE)	536.04	496.08	487.75

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — CENTRAL SERVICES —

SUMMARY OF CHANGES

The reduction in 2001-2003 expenditures is the result of the one-time Y2K expenditures (\$5.6 million) in 1999-2001 and the transfer of the truck tax audit function from Financial Services (\$7.0 million and 57 positions) to the Motor Carrier Transportation Division.

The 2003-2005 Adopted budget is 7 percent higher than 2001-2003 expenditures – even though the budget was reduced by \$6.5 million to live within the funding target established for this program area. The 2003-2005 increase is primarily the result of the 2001-2003 budgeted Services & Supplies and Capital Outlay category levels carrying forward and the addition of \$2.2 million for PERS debt service. The 2001-2003 Services & Supplies category was under spent by \$5.3 million and the Capital Outlay category was over spent by \$.5 million – for a net of \$4.8 million.

ADOPTED POLICY PACKAGES

#094: LFO Adjustments

\$(1,707,267) (6) Positions / (6.00) FTE

This package includes standard statewide reductions, the re-establishment of a limited-duration position for the Value Pricing Pilot Project, and a couple technical adjustments.

Package #094			
	Dollars	POS	FTE
Standard Statewide Reductions:			
Employee Compensation Freeze	\$ (898,980)		
Vacant Position Elimination	(603,421)	(7)	(7.00)
Inflation Reduction	(1,122)		
Attorney General Rate Reduction	(64,336)		
DAS Assessment Reduction	(319,968)		
Subtotal	\$ (1,887,827)	(7)	(7.00)
Limited Duration Position		1	1.00
Technical Adjustments	180,560		
Total	\$ (1,707,267)	(6)	(6.00)

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

187: Mill Creek Building Rent Pilot

\$-0-

ODOT proposes to develop a pilot rent structure for the Mill Creek office building. Having a stable funding source will help address the current and projected deterioration of the building and simplify budgeting for building occupants. ODOT Facilities will collect rent from building occupants and use this rent along with parking revenues for maintaining the facility. Information Systems is one of the occupants. This package creates a facilities rent budget for Information Systems by reducing other Services & Supplies line items. The estimated 2003-2005 facility expenditures for the Mill Creek building are \$735,494. This funding level provides a subsistence level of maintenance for the building.

#430: Rent Line Adjustment

\$-0-

The purpose of this package is to adjust the Facilities Rent line item. Information Systems needs to bring the budget amount into alignment with anticipated facilities rent spending. Information Systems currently pays the Department of Administrative Services to rent 14,606 square feet in the Revenue building, 8,839 square feet in the PUC building and 365 square feet of storage space in the Employment building. Information Systems also rents from JMB Properties 8,410 square feet of space at 1178 Chemeketa St. DAS budget development rules require any increases in the Facilities Rent line item above standard inflation be requested in a policy package. The needed \$300,439 increase in the Facilities Rent line item is offset by a corresponding reduction to the Professional Services line item.

#470: Increased Audit Recovery

\$152,317 2 Positions / 1.50 FTE

The purpose of this package is to produce more fuel tax revenues through the generation of increased audit recoveries. The Fuels Tax Group (FTG) is responsible for processing, auditing and collecting fuel tax revenues – this package provides the FTG two additional audit positions to address compliance issues with the end result of increased tax revenues.

The additional auditors provide an increased focus on unlicensed users and sellers of use fuel; better follow-up on nonfilers of use fuel tax reports; more timely audits of new licensees, both use fuel and motor vehicle fuel; and the elimination of audit periods that the group is not presently reviewing.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— CENTRAL SERVICES —

Based on data accumulated for the 1999-2001 biennium, it is estimated that two additional auditors will increase recoveries by \$336,128 in the 2003-2005 biennium and \$672,256 in 2005-2007 when they are fully trained. In addition, the increased audit presence is likely to result in a higher level of voluntary compliance and correspondingly increased revenues.

#473: Work-Out-of-Class Resolution
\$(30,786)

This package establishes the appropriate classification—eliminating work-out-of-class status—for two positions in Financial Services. The classification change will be implemented using least cost and, as a result, there is no fiscal impact for this package.

This package also establishes the appropriate classification for two front-line managers in Business Services. Recently, the Support Services branch's Purchase and Contract Management Unit classification levels were compared to similar programs in other agencies. It was determined that the front-line managers were not classified properly. The ODOT Human Resources Classification Unit has completed its classification review and recommended that two managers should be moved up one level. The increased personal services cost associated with these reclassifications will be offset by a reduction in Professional Services.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— BOARD OF MARITIME PILOTS —

Board of Maritime Pilots

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— BOARD OF MARITIME PILOTS —

BOARD OF MARITIME PILOTS

The Board of Maritime Pilots (BOMP) helps protect the public health, safety and welfare by ensuring that only competent and qualified individuals are allowed to pilot vessels. BOMP is an independent occupational licensing and regulatory agency for state maritime pilots and is a part of ODOT for budget preparation purposes.

A maritime (or marine) pilot is a local navigational and ship-handling expert who directs the course and speed of vessels based upon knowledge of wind, weather, tides, currents and local geography. Piloting is an occupation that requires education, experience and licensure, and it commands salaries commensurate with other professional occupations such as physicians and attorneys. A pilot is a quasi-public servant.



The cost of replacing a vessel lost through negligent navigation can often be completely prohibitive, quite apart from the consideration of any injuries or deaths among the vessel's crew, loss of cargo or environmental damage and costs of cleaning up spills of hazardous materials.

The board has the authority to regulate the rates pilots can charge for their services. It also investigates incidents that occur while a vessel is under the guidance of a state-licensed pilot.

BOMP PROGRAMS

- Licensing, Training and Education
 - Rate Hearings
-

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— BOARD OF MARITIME PILOTS —

LICENSING, TRAINING, and EDUCATION

– **Establish License Requirements for Pilots**

A prerequisite for state licensure is the possession of a federal license and practical experience in the exercise of that license privilege. State licensure presumes optimal competency. The concept of minimal competency in a state pilot license is unacceptable in states that regulate pilotage. The differences between federal and state licensing requirements can be substantial. The board has established strict standards for experience, education, training and physical condition. The board has further established a program of continuing professional development, which requires training in Bridge Resource Management, Automatic Radar Plotting Aids, and Electronic and Manned Model Shiphandling Simulator courses.

– **Qualify Applicants and Select Pilot Trainees and Apprentices**

In 1993, the board was directed by the Legislature to develop a pilot apprentice training program to offer wider access to the occupation. In addition, the board took over the selection of new pilots, a function that it had historically deferred to the pilot associations. So far in this biennium, 49 applicants have been qualified for candidacy based upon documentation for education, licensure, experience and other industry-related training. Interviews are conducted by at least a three-member panel of the board. In this biennium, 27 interviews have already been conducted.

– **Provide for License Examinations and Issue New or Renewal Licenses**

When openings for new pilots become available, the highest scoring candidates fill the vacancies. They must engage in a designated number of transits upon the pilotage ground for which they seek licensure. After completing this training, candidates sit for examination. The tests incorporate a large number of conceptual questions and case-specific exercises. Upon successful completion, trainees are issued a new license. Licenses must be renewed annually. Pilots must provide documentation of federal licensure, physical condition, drug testing and any additional training to receive a renewed license.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— BOARD OF MARITIME PILOTS —

– **Maritime Incidents Investigations**

The board investigates any incident where the vessel was under the guidance of a state pilot. These include:

- Accidental grounding;
- Intentional grounding that creates a hazard to navigation, the environment or to the safety of the vessel;
- Unintended collision or collision with any object;
- Loss of life related to the operation of the vessel;
- Serious physical injury related to the operation of the vessel;
- Occurrence that results in damage to the vessel or other property that may reasonably be expected to be in excess of \$10,000, excluding the cost of salvage, cleaning, gas-freeing, dry-docking or demurrage; or
- Boarding or unboarding occurrence that places the licensee in peril.

Upon notification of a significant incident—which is defined as property damage in excess of \$100,000, loss of life, serious personal injury (any injury where the individual will be incapacitated for more than six months) or upon the direction of the chair—a formal three-person investigating team is convened. The team may use the services of a qualified independent investigator when necessary.

RATE HEARINGS

– **Fix Pilotage Rates and Limit Pilot Numbers**

When an appropriately filed petition for change in pilotage rates is accepted by the board, all interested parties are notified and a contested case proceeding ensues. Like most other state agencies, the board is required to use the services of the new Hearings Officer Panel to conduct its contested case proceedings. Expenses for rate hearings are paid by the parties to the hearings. Because rate hearing expenses are highly unpredictable, a Non-Limited Expenditure Account was established by the Legislature in 1981 to eliminate the necessity of Emergency Board requests following every rate hearing. This allows the board the limitation necessary to pay the expenses. When a petition for rate change is filed with the board, a \$1,000 deposit is required to cover possible expenses. Any funds remaining after the hearing are returned to the petitioner. Expenses exceeding the deposit are billed to the parties at the conclusion of the proceeding.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — BOARD OF MARITIME PILOTS —

BUDGET HIGHLIGHTS

BOARD OF MARITIME PILOTS EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
PROGRAMS			
Licensing and Administration	\$ 200	\$ 211	\$ 193
Rate Hearings (non-limited)	29	59	12
TOTAL	\$ 229	\$ 270	\$ 205
Expenditures by Major Revenue Source:			
State (Other)	\$ 229	\$ 270	\$ 205
Expenditures by Category:			
Personal Services	\$ 118	\$ 128	\$ 193
Services & Supplies	111	142	12
Total	\$ 229	\$ 270	\$ 205
Positions	1	1	1
Full-Time Equivalent (FTE)	1.00	1.00	1.00

SUMMARY OF CHANGES

The Legislature reduced BOMP's 2003-2005 budget by \$71,234 due to concerns regarding maritime pilot diversity. In a budget note BOMP was directed to conduct a study to develop an action plan toward a goal of increasing the numbers of minorities receiving one-the-job training positions on barges or other access to on-the-job training programs. Upon completion of the study and Emergency Board acceptance of a report and action plan, BOMP may request a restoration.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— NON-LIMITED PROGRAMS —

Non-Limited

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— NON-LIMITED PROGRAMS —

NON-LIMITED PROGRAMS

- Operations
 - Traffic Signal Unit**

- Support Services
 - Fleet & Facilities Management**
 - Supply Operations**
 - Reprographics**

- Loan Funds and Debt Management
 - Loan Funds**
 - Loan and Debt Management**
 - West Side Light Rail Refunding**

OPERATIONS: TRAFFIC SIGNAL UNIT

The Traffic Signal Unit oversees traffic control equipment (signals) on state facilities and for cities and counties. All traffic control equipment is subject to testing under three major headings: environmental endurance testing (-30 F to 165 F), physical inspection of assemblies for adherence to specification and workmanship quality, and operational testing to ensure that the fully assembled equipment operates safely, reliably and correctly.

The unit provides every traffic signal and Intelligent Transportation System installation, with at least one preventative maintenance inspection per year during which repairs are made to verify continued safe and reliable operation. This program also assists city and county crews in maintaining installed systems and provides training to the local staff. Additionally, the unit provides a facility where electronic modules removed from service are repaired or calibrated in preparation for return to service. This program provides other sections of the department with expertise in review of specifications and testing of new traffic signal equipment designs.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— NON-LIMITED PROGRAMS —

SUPPORT SERVICES

The following programs are primarily funded through the budgets of the operating divisions based on usage. Although these programs are budgeted as Non-Limited, the programs are in fact limited by the budgets established in the operating divisions.

– **Fleet Services**

Fleet Services includes acquisition; management; equipment specification development; warranty management; risk management; fuel acquisition, storage and dispensing; gasoline and diesel credit cards management; equipment and vehicle maintenance and repair; fabrication of equipment; statewide field mechanic support; and disposal of surplus property (excluding real property).

– **Business Operations**

Business Operations provides a variety of services to the department, other government entities, external customers and partners. These include:

- Receiving, storing, issuing, transporting and tracking inventory of supplies used by the department.
- Manufacturing, stocking, selling and transporting highway signs.
- Warehousing and distributing forms and supplies.
- Transporting new and used fleet equipment and supplies statewide.
- Providing auger truck and under-bridge inspection crane services.
- Partnering with other government entities for transport, storeroom, highway signs and under-bridge inspection equipment services.

Business Services also provides a full range of reprographic services, including graphic design; digital image and photo manipulation; large document duplication, enlargement and reduction; full-color scanning; Optical Character Reader scanning; electronic image setting; foam core mounting; laminating; drilling; aerial photography; professional and portrait photography; and video production and editing.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— NON-LIMITED PROGRAMS —

LOAN FUNDS and DEBT MANAGEMENT

– **Loan Funds (OTIB)**

The Oregon Transportation Infrastructure Fund was established by the 1997 Legislature as a revolving loan fund for transportation projects. The Oregon Transportation Infrastructure Bank (OTIB) makes loans to local governments, transit providers, ports and other eligible borrowers. The fund was capitalized with a combination of federal and state funds and interest earnings. Revenue bonds also may be issued to provide additional capitalization. As loans are repaid, principal and interest returned to the OTIB are available for new loans. Staffing for OTIB is included in the Central Services Division, Financial Services program.

– **Loan and Debt Management**

Includes the State Government Service Charge for debt management and other miscellaneous costs related to issuing bonds.

– **West Side Light Rail Refunding**

During the 2001-2003 biennium new bonds were issued – to take advantage of lower interest rates – to pay off the 1994 West Side Light Rail bonds. This is referred to as “refunding”. The refunding is shown in this program area to avoid overstating true debt service expenditures.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — NON-LIMITED PROGRAMS —

BUDGET HIGHLIGHTS

NON-LIMITED PROGRAM EXPENDITURES

(Dollars in Thousands)

PROGRAMS	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
Operations:			
Traffic Signal Unit	\$ 1,623	\$ 2,022	\$ 2,228
Support Services:			
Fleet & Facilities Management	25,930	26,992	30,868
Supply Operations	4,553	4,118	5,035
Reprographics	1,333	1,390	1,405
Loan Funds & Debt Management:			
Loan Funds	10,528	6,196	10,164
Loan & Debt Management	407	738	74
West Side Light Rail Refunding		62,041	
TOTAL	\$ 44,374	\$ 103,497	\$ 49,774
Expenditures by Category:			
Personal Services	\$ 16,932	\$ 18,093	\$ 19,323
Services & Supplies	16,649	17,078	19,337
Capital Outlay	265	89	951
Special Payments	10,528	6,196	10,163
Debt Service		62,041	
Total	\$ 44,374	\$ 103,497	\$ 49,774
Positions	177	175	166
Full-Time Equivalent (FTE)	176.75	175.00	166.00

SUMMARY OF CHANGES

During the 2001-2003 biennium new bonds were issued – to take advantage of lower interest rates – to pay off the 1994 Westside Light Rail bonds. This is referred to as “refunding”. The increase 2001-2003 (and the corresponding decrease in 2003-2005) reflects the new bond proceeds being paid out to retire the 1994 bonds.

**Capital Improvement
and
Capital Construction**

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— Capital Improvement & Capital Construction —

CAPTIAL IMPROVEMENT

Capital Improvement projects are defined as improvements to land or facilities and include remodeling existing buildings to increase the value, to extend the useful life of the property or to make it adaptable to a different use. Budgetary definitions require capital improvement accounting for projects totaling less than \$500,000.

The department owns hundreds of facilities throughout the state. Over time, it is necessary to upgrade or replace facilities as they deteriorate and technology changes how business operates. The department regularly repairs or upgrades its facilities to avoid developing a serious backlog of needs that would adversely affect its ability to deliver services.

ODOT Facilities Section staff manage the projects, private contractors complete them.

CAPITAL CONSTRUCTION

Capital Construction projects are defined as construction of new buildings or additions to existing buildings. Construction costs include architect fees, land acquisition, land clearing, interest during construction, materials, subcontractors and agency labor. Budgetary definitions allow capital construction to be used only if the project amount is \$500,000 or more.

A quality infrastructure is a core business requirement of ODOT. Functional facilities are a critical element in a successful operation. The department owns hundreds of facilities throughout the state from which it carries out its activities. Over time, it is necessary to upgrade or replace facilities as they deteriorate and as technology changes the business practices. The department regularly invests a portion of its resources in facility upgrades or replacement to avoid developing a serious backlog of needs that would adversely affect the ability to deliver services.

As with capital improvements, ODOT Facilities Section staff manage the projects, private contractors complete them.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — Capital Improvement & Capital Construction —

BUDGET HIGHLIGHTS

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
Capital Improvement	\$ 1,958	\$ 2,285	\$ 2,530
Capital Construction*:			
Government Camp Maintenance Station	1,000		
Ontario District 14 Office Building		200	
Ona Beach Maintenance Station		250	
Eugene/Springfield Maintenance Station		300	
Lake of the Woods Maintenance Station		250	1,000
Sylvan Maintenance Station			1,600
Total	\$ 2,958	\$ 3,285	\$ 5,130

* To remain consistent with Department of Administrative Services Budget and Management Division rules, the amounts shown for Capital Construction in 1999-2001 and 2001-2003 are the budgeted amounts not actual expenditures.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— DEBT SERVICE —

Debt Service

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— DEBT SERVICE —

DEBT SERVICE

GENERAL OBLIGATION BONDS

In 1974 \$25 million in bonds were issued to fund state highway and bridge projects. Debt service payments are scheduled to continue through August 2004.

REVENUE BONDS

– **Local Street Network**

The 1999 Legislature approved \$58 million in bonds to fund Local Street Network (LSN) projects. LSN projects are designed to relieve pressure on the state highway system by directing local traffic to local roads and improving the flow of through traffic on the state highways. LSN projects accommodate downtown or community center development patterns, support access management on local streets or improve freight effectiveness. The projects are on local systems constructed by local governments. Debt service payments are scheduled to continue through November 2020.

– **2001 Oregon Transportation Investment Act (OTIA)**

In June 2002 \$221 million in bonds were issued to fund OTIA I construction projects. Debt service payments are scheduled to continue through June 2027.

LOTTERY DEBT SERVICE

The Legislature allocates lottery dollars to ODOT for the purpose of making debt service payments associated with lottery-backed revenue bonds. Lottery bonds have been authorized to fund the following ODOT projects:

– **Westside Light Rail**

This project extends 18 miles from downtown Portland to Hillsboro and connects with the line that stretches 15 miles from downtown Portland to Gresham. Construction began in the summer of 1993. The grand opening was in September 1998. Debt service payments are scheduled to continue until June 2010.

Oregon Department of Transportation
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— DEBT SERVICE —

– **Short Line Loans and Assistance**

The 2001 Legislative authorized the Short-Line Railroad Infrastructure Assistance Program. In April 2002 \$2.1 million in bonds were issued. Debt service payments are scheduled to continue until April 2018.

The 2003 Legislative Assembly authorized an additional \$2 million in bonds for this program. The bonds are expected to be issued in August 2004.

– **South Metro Commuter Rail Project**

The 2001 Legislature authorized lottery bonds for financing a 15-mile South Metro Commuter Rail project between Wilsonville, Tualatin, Tigard and Beaverton. Funding for the project is expected to be provided in two separate bond issues. The first – to cover start-up and administrative costs – occurred in June 2002 and the second is expected to occur in February 2005.

– **Industrial Rail Spur Infrastructure**

The 2003 Legislative Assembly authorized \$8 million in lottery bonds to fund industrial rail spur infrastructure improvements. Bonds are expected to be issued in August 2004 and February 2005.

CERTIFICATES OF PARTICIPATION

– **DMV Headquarters Building**

In 1997 \$10.7 million in certificates of participation were issued to fund the remodel of the DMV headquarters building. Debt service payments are scheduled to continue through November 2019.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — DEBT SERVICE —

DEBT SERVICE EXPENDITURES

(Dollars in Thousands)

	1999-2001 Expenditures	2001-2003 Expenditures	2003-2005 Adopted
General Obligation Bonds	\$ 2,530	\$ 2,258	\$ 1,984
<u>Revenue Bonds:</u>			
Highway User Tax	2,368	8,881	9,607
OTIA I		33,813	30,964
<u>Lottery Bonds:</u>			
Westside Light Rail	19,993	17,805	19,929
Short Line Railroads		100	674
Industrial Spur – Rail			500
South Metro Commuter Rail		10	43
<u>Certificates of Participation:</u>			
Road graders (Highway)	2,552	2,548	
DMV Headquarters Building	1,646	1,641	1,639
TOTAL	\$ 29,089	\$ 67,056	\$ 65,340
Summary by Revenue Source:			
State Funds	\$ 9,096	\$ 49,141	\$ 44,194
Lottery Funds	19,993	17,915	21,146
Total	\$ 29,089	\$ 67,056	\$ 65,340

APPENDIX A

Statewide Transportation Improvement Program (STIP) Project Selection and Delivery

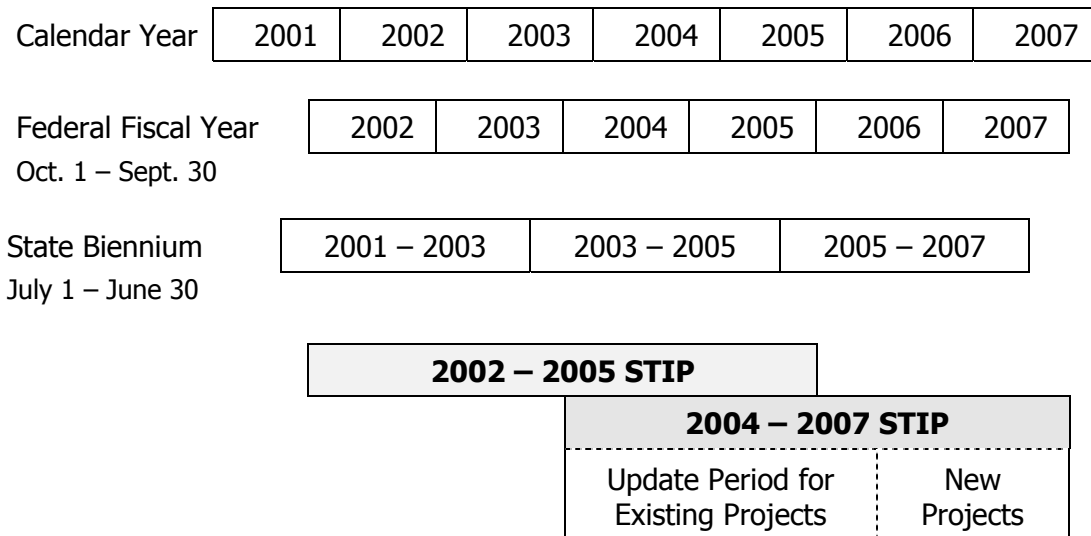
Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — STIP PROJECT SELECTION AND DELIVERY —

STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

The Statewide Transportation Improvement Program (STIP) is the state’s transportation preservation and capital improvement program. The STIP identifies transportation projects using federal, state and local government transportation funds. It includes projects of regional significance (projects with high public interest or air-quality impacts), regardless of funding source, and projects in the National Parks, National Forests and Indian Reservations.

The STIP covers a four-year construction period based on a federal fiscal year, with updates every two years. Typically, the first two years of the STIP contain the updated projects from the past two years of the previous STIP. The last two years of the STIP include the new projects that are scheduled to begin in those years.

The currently approved program covers the period of 2004 – 2007. It includes project commitments carried forward from the 2002 – 2005 STIP for the years 2004 and 2005.



Projects are developed in accordance with the goals, policies and guidance set forth in the Oregon Transportation Plan, ODOT's overall policy document directing transportation investments for the state.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— STIP PROJECT SELECTION AND DELIVERY —

PROJECT DELIVERY

Highway construction involves detailed planning and engineering, often spanning several years, before projects begin construction. Each project in the STIP goes through several phases, which are defined below. These phases are shown as elements under the five highway construction programs: Preservation, Bridge, Modernization, Safety and Operations.

– **Preliminary Engineering**

Preliminary Engineering (PE) includes all work necessary to prepare a project for contract bidding. Initial work may include environmental research and analysis, surveying of physical features, geotechnical exploration, pavement analysis and traffic analysis. Project leaders in charge of PE are generally located in region field offices. Both regional and Salem-based Technical Services staff are involved with aspects of preliminary engineering. Private-sector engineering and environmental consultants also participate. This work includes obtaining necessary permits followed by preparation of contract specifications. Community outreach is an important part of PE. ODOT asks for input from citizens who are directly affected by projects.

– **Construction Engineering**

Construction Engineering (CE) includes all work necessary to construct or build the project to its designed specifications, using appropriate construction methods and practices, while providing a safe environment for both the traveling public and workers throughout the project. During construction, it is the responsibility of the project manager and other staff to ensure that the work that occurred in the development phase materializes into reality and meets the expectations of the stakeholders.

The CE phase includes costs ODOT pays directly during project construction. This includes project management, inspection, materials testing, surveying, construction design calculations, technical support and office support. Project managers and regional and Salem-based Technical Services staff also are involved with aspects of the project during the construction phase. Project leaders, inspectors and other support staff continue the outreach efforts during this phase of the project with the community, homeowners, businesses and the traveling public.

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— STIP PROJECT SELECTION AND DELIVERY —

– **Right-of-Way**

Right-of-way includes all work necessary to secure property for road construction. Steps in the right-of-way process include:

- Written creation of maps and legal descriptions.
- Determining the value of all of the identified rights-of-way.
- Formal offers to purchase property from the landowners.
- Good-faith negotiations to arrive at any needed settlements.
- Payments to property owners or deposits into court and all closing and escrow work.
- Relocating displaced people and personal property.
- Condemnation proceedings (when negotiated settlements are unsuccessful).
- Title clearance certification that the state has lawfully purchased the property rights.
- Taking possession of the property.
- Removing necessary buildings and mitigating hazardous-materials contamination.

– **Contract Payments**

Contract Payments are payments to contractors for work performed on ODOT construction projects. Generally, all state highway projects are built by private contractors and are awarded by ODOT through a competitive bidding process.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— STIP PROJECT SELECTION AND DELIVERY —

PROJECT SELECTION PROCESS

State projects in the STIP are identified and prioritized using planning processes described in the 1991 federal transportation funding act, ISTEA (Intermodal Surface Transportation Efficiency Act) and continued in the 1998 funding act, TEA-21 (Transportation Equity Act for the 21st Century).

Project identification and prioritization are based primarily on system conditions, or needs. Conditions are monitored using management systems. ODOT's management systems objectively and technically identify and rank conditions and needs across the state. ODOT uses management systems for pavement, bridge and safety programs. For the Modernization Program, ODOT uses applicable acknowledged Transportation System Plans or, in the absence of an applicable acknowledged TSP, the applicable acknowledged comprehensive plan and any applicable adopted TSP. Additionally, all modernization projects must be consistent with the Oregon Highway Plan policy on Major Improvements (1.G.1), where applicable.

ODOT regions use the project lists developed through these systems and apply localized in-the-field knowledge supplemented with input from Area Commissions on Transportation, local government partners, regional partnerships, councils of government, tribal governments, metropolitan planning organizations, advisory commissions, transportation stakeholders and the public. This process results in the specific projects and their relative prioritization in the STIP.

All projects are scheduled for construction or implementation according to their priority and funding availability. Recognizing that a project may be unavoidably delayed or that actual funds from state and federal sources may be less than originally forecast, projects in a STIP can be moved from one year to another within the first three years of the program without a formal amendment.

Regionally significant local government projects in the STIP are identified and prioritized using system management data and public involvement at the local government level. ODOT is included in the process as directed by federal law. The federal planning requirements [23 CFR 1410.216(b)] state that:

- MPOs shall be involved on a cooperation basis for portions of the STIP affecting metropolitan planning areas;

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— STIP PROJECT SELECTION AND DELIVERY —

- Indian tribal governments and the Secretary of the Interior shall be involved on a consultation basis for portions of the STIP affecting areas of the state under the jurisdiction of an Indian tribal government;
- Federal lands managing agencies shall be involved on a consultation basis for the portions of the program affecting areas of the state under their jurisdiction; and
- Affected local officials with responsibility for transportation shall be involved on a consultation basis for the portion of the STIP in non-metropolitan areas of the state.

The STIP is updated every two years. Before final approval, it goes through a public review process where comments are received and relayed to the OTC and ODOT management. Programs and projects funded in the STIP reflect these public involvement efforts.

APPENDIX B

**Estimated Administrative
Costs**

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — ESTIMATED ADMINISTRATIVE COSTS —

ADMINISTRATIVE COSTS

Administrative costs include the general administration, supervision and other necessary expenses for the management, supervision and administrative control of the agency.

	1999-2001 ACTUAL		2001-2003 ACTUAL		2003-2005 ADOPTED	
	Administrative Cost	Percentage of Total Cost	Administrative Cost	Percentage of Total Cost	Administrative Cost	Percentage of Total Cost
Highway	\$ 15,555,859	1.31%	\$ 14,395,980	1.13%	\$ 15,565,236	1.00%
DMV	4,132,788	3.59%	4,168,644	3.57%	3,955,728	3.12%
MCTD	2,009,985	5.22%	2,050,822	4.46%	2,264,825	4.36%
Safety	292,573	1.59%	228,890	1.22%	243,928	1.03%
Transit	214,684	0.91%	230,831	0.60%	236,263	0.52%
Rail	187,648	0.68%	214,290	0.57%	226,675	0.39%
TPD	1,286,305	2.41%	1,567,521	2.83%	1,205,122	1.88%
Central	71,906,975	64.47%	75,866,232	72.99%	82,348,593	70.62%
TOTAL	\$ 95,586,817	6.07%	\$ 98,723,210	5.86%	\$ 106,046,370	5.18%

Administrative costs include all costs associated with the following organizational units:

- ODOT director, deputy directors and related support staff.
- First and second levels of division and region management and all related support staff.
- Financial Services (except Fuels Tax Audit/Collection and Weight Mile Tax and Collections Units).
- Information Services (except Application Development and Y2K project costs).
- Human Resources.
- ODOT headquarters.

Other costs defined here as administration:

- Salem headquarters building costs and maintenance.
- Legal activities related to defense and prosecution of criminal and civil proceedings and claims.
- Out-of-state travel or travel related to the above offices.
- Labor Union contract negotiations.
- Safety or award dinners.
- Clerical or office support for all administrative activities.
- Fines and penalties.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— ESTIMATED ADMINISTRATIVE COSTS —

INDIRECT COSTS

Indirect costs are those incurred for a common or joint purpose that benefit more than one organizational objective or unit. This includes costs that are not easily adaptable to charging directly to individual projects or services.

Examples of indirect costs include:

- Office expenses
- Building and maintenance
- Accounting and auditing
- General training and education
- General analysis
- Clerical support
- Service contracts
- Project/prospectus identification process
- STIP development
- Project scope and reconnaissance
- Bridge inspections
- Standards for highway construction

Some indirect costs are incurred by various ODOT branches involved in financial services, human resources, etc.

Certain costs can, at times, be classified as direct or indirect depending on how they are applied. For example, engineering services specifically attributable to a project are considered direct, whereas expenditures for future establishment or maintenance are classified as indirect.

DIRECT COSTS

Direct costs are those that can be traced to or identified as part of the cost of a specific product or service, or of a department or operating unit, as distinguished from overhead and other indirect costs, that must be prorated among several products or services, departments or operating units.

Oregon Department of Transportation
2003-2005 Adopted Program Budget
— POLICY PACKAGE SUMMARY —
(Dollars in Thousands)

APPENDIX C

**Adopted Policy Package
Summary**

Oregon Department of Transportation
2003-2005 Adopted Program Budget

— POLICY PACKAGE SUMMARY —

(Dollars in Thousands)

PACKAGES:	POS	FTE	Total Funds	General Fund	Other Funds	Federal Funds	Non-Limited
#094: LFO Adjustments							
Highway	(97)	(58.09)	\$(15,251)		\$(15,251)		
DMV	(11)	(5.59)	(1,994)		(1,994)		
MCTD	(4)	(4.00)	(1,252)		(1,166)	\$ (86)	
TPD	(9)	(3.83)	(1,517)		(1,514)	(3)	
Public Transit			4,317	\$ (6,976)	11,365	(72)	
Rail	(2)	(1.50)	31,354	(1,220)	32,754	(180)	
Transportation Safety			(684)		(271)	(413)	
Central Services	(6)	(6.00)	(1,707)		(1,706)	(1)	
BOMP			(75)		(75)		
Non-Limited Programs	(7)	(7.00)	440				\$ 440
#094 Total	(136)	(86.01)	\$ 13,631	\$ (8,196)	\$ 22,142	\$ (755)	\$ 440
#100: OTIA							
Highway	4	4.00	\$ 186,842		\$ 186,842		
#101: Access Management							
Highway	5	3.75	\$ -0-		\$ -0-		
#102: Work-out-of-Class Resolution							
Highway			\$ (7)		\$ (7)		
#103: Local Gov. Project Implementation							
Highway	6	5.52	\$ 1,397		\$ 1,397		
#104: Alternative Delivery							
Highway	3	2.92	\$ 392		\$ 392		
#105: Bridge Environmental Permitting							
Highway			\$ 291		\$ 291		
#187: Mill Creek Building Rent Pilot							
TPD			\$ -0-		\$ -0-		
Public Transit			-0-		-0-		
Rail			-0-		-0-		
Central Services			-0-		-0-		
Non-Limited Programs			735		735		
#187 Total			\$ 735		\$ 735		

Oregon Department of Transportation
2003-2005 Adopted Program Budget

— POLICY PACKAGE SUMMARY —

(Dollars in Thousands)

PACKAGES:	POS	FTE	Total Funds	General Fund	Other Funds	Federal Funds	Non-Limited
#200: Older Driver Study DMV	1	1.00	\$ -0-		\$ -0-		
#402: Public Works Enhanced Training TPD		.5	\$ 81		\$ 81		
#403: Highway Cost Responsibility Study TPD			\$ 150		\$ 150		
#404: TGM Program Transfer TPD	4	3.00	\$ -0-		\$ -0-		
#410: Public Transit Fiscal Manager Transit	1	.50	\$ (2)	(27)	\$ 25		
#420: Rail Division Fiscal Manager Rail		.50	\$ 66		\$ 66		
#424: Category Shift Rail			\$ -0-		\$ -0-		
#425: Lewis & Clark Celebration Train Rail			\$ 1,116		\$ 1,116		
#430: Rent & AG Fee Adjustments Transportation Safety Central Services			\$ -0- -0-		\$ -0- -0-		
#430 Total			\$ -0-		\$ -0-		
#431: Program Enhancement & Reclass Transportation Safety			\$ -0-		\$ -0-		
#470: Increased Audit Recovery Central Services	2	1.50	\$ 152		\$ 152		
#472: ITS Support Coordinator Highway			\$ (86)		\$ (86)		

Oregon Department of Transportation
2003-2005 Adopted Program Budget
 — POLICY PACKAGE SUMMARY —
 (Dollars in Thousands)

PACKAGES:	POS	FTE	Total Funds	General Fund	Other Funds	Federal Funds	Non-Limited
#473: Work-out-of-class Resolution							
Central Services			\$ (31)		\$ (31)		
MCTD			(14)		(14)		
#473 Total			\$ (45)		\$ (45)		
#489: Lake of the Woods							
Capital Construction			\$ 1,000		\$ 1,000		
#490: Sylvan Maint. Station							
Capital Construction			\$ 1,600		\$ 1,600		
Highway			(1,600)		(1,600)		
#490 Total			\$ -0-		\$ -0-		
#495: SB 333 Fee Ratification							
Highway	15	15.00	\$ 4,971		\$ 4,971		
DMV			6		6		
MCTD	2	11.50	1,668		1,668		
#495 Total	17	26.50	\$ 6,645		\$ 6,645		
ODOT TOTAL							
Highway	(64)	(26.90)	\$ 176,949		\$ 176,949		
DMV	(10)	(4.59)	(1,988)		(1,988)		
MCTD	(2)	7.50	402		488	\$ (86)	
TPD	(5)	(.33)	(1,286)		(1,283)	(3)	
Transit	1	.50	4,315	\$ (7,003)	11,390	(72)	
Rail	(2)	(1.00)	32,536	(1,220)	33,936	(180)	
Transportation Safety			(684)		(271)	(413)	
Central Services	(4)	(4.50)	(1,586)		(1,585)	(1)	
Capital Construction			2,600		2,600		
BOMP			(75)		(75)		
Non-Limited Programs	(7)	(7.00)	1,175				\$ 1,175
	(93)	(36.32)	\$ 212,358	\$ (8,223)	\$ 220,161	\$ (755)	\$ 1,175