



Oregon Department of
Transportation

2005-2007

**LEGISLATIVELY ADOPTED
PROGRAM BUDGET**

Oregon Department of Transportation
2005–2007 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, 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, 2005 – June 30, 2009

Gail L. Achterman

Portland, Oregon

Current term: November 17, 2004 – June 30, 2008

Michael R. Nelson

Baker City, Oregon

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

Randall C. Papé

Eugene, Oregon

Current term: July 1, 2005 – June 30, 2009

Janice J. Wilson

Portland, Oregon

Current Term: October 1, 2004–June 30, 2008

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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 advocates. 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: Tony Snyder, Mid-Willamette Valley area manager
(503) 986-2764 or email Tony.R.Snyder@odot.state.or.us

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- **North East Area Commission on Transportation**
Representing Morrow, Umatilla, Union, Wallowa and Baker counties.
ODOT contact: Frank Reading, North East area manager
(541) 963-1328 or email Frank.H.Reading@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: Chris Hunter, South West Oregon area manager
(541) 957-3689 or email Chris.Hunter@odot.state.or.us

PARTNERSHIPS

Governor's Economic Revitalization Team

The Governor's Economic Revitalization Team (GERT) was established by the 72nd Oregon Legislature 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.

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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 the 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

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.

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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 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 an organized and systematic manner. Included are 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.

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.

Oregon Bicycle and Pedestrian Advisory Committee

The Oregon Bicycle and Pedestrian Advisory Committee is a governor-appointed committee that advises ODOT on matters relating to bicycle and pedestrian traffic and the establishment of bikeways and walkways. The committee 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 serve at large.

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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

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:

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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. 	Note: There is not a Bench mark for this goal.

2005 OREGON LEGISLATIVE SESSION: TRANSPORTATION HIGHLIGHTS

ODOT had a successful legislative session. The Governor's Office, key members of the Oregon Legislature, members of the Oregon Transportation Commission, and ODOT staff helped pass **Senate Bill 71**, a multi-modal transportation package called *ConnectOregon*. *ConnectOregon* is a \$100 million program that is funded by lottery-backed bonds. The *ConnectOregon* program will make grants and loans for improvements to marine, air, rail and transit systems. Like investments in roads and bridges, investments in other modes of transportation will both create construction jobs and help retain jobs by providing better transportation logistics for Oregon shippers.

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The 2005 Legislature continued the operation of two daily passenger trains between Eugene and Portland. In addition, the Legislature extended the time to issue lottery-backed bonds for Washington County's South Metro Commuter Rail project to March 30, 2007. The project will provide commuter rail service from Wilsonville to Beaverton.

Other Highlights:

House Bill 2077 authorized the department to adjust public improvement contracts for changes in the price of steel.

House Bill 2112 increased the maximum amount of reimbursement for student driver education to \$210 per student. The increase may increase participation in driver education programs by encouraging more schools to offer drivers education courses or by increasing the number of course hours.

House Bill 2742 provided legislative direction for implementation of the Safe Routes to Schools program, a federal program that encourages children to walk and bike to school. The Oregon Transportation Safety Committee will provide oversight for the Safe Routes to Schools program.

House Bill 2840 changed laws affecting the speed of traffic in school zones.

Senate Bill 448 allowed public transportation providers to offer more flexible service to Oregonians and to improve intercity passenger services and service to rural areas by exempting some passenger service vehicles from motor carrier laws.

Senate Bill 591 changed the requirements for drivers' behavior toward pedestrians at crosswalks.

Senate Bill 640 authorized changes to the way Oregon driver licenses and identification cards are issued to respond to recently enacted federal legislation. The changes will make issuance process more secure and reliable.

ODOT's 2005 Legislative Summary lists additional transportation legislation passed by the 2005 Oregon Legislature. The 2005 Legislative Summary is available online at <http://www.oregon.gov/ODOT/docs/2005LegislativeSummary.pdf> or from the ODOT Government Relations Section.

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SOURCES AND USES OF FUNDS

	2001-2003 Actuals	2003-2005 Actuals	2005-2007 Legislatively Adopted
SOURCES			
Beginning Balance	\$160,643,070	\$453,280,606	* \$348,705,882
Motor Fuels Taxes	824,846,745	839,820,508	852,357,323
Federal Funds	671,688,632	748,986,386	604,672,497
Weight-Mile Taxes	390,276,296	436,850,903	454,977,406
Driver & Vehicle Licenses	303,961,634	446,489,546	499,497,580
Transportation License & Fees	31,420,666	44,289,209	63,087,118
Internal Charges for Services	33,786,136	3,408,822	800,485
Transfers To ODOT	42,541,137	63,976,832	103,448,591
General Fund	17,113,741	3,914,616	8,626,167
Lottery Funds	6,048,206	20,707,164	22,161,278
Bond and COP Proceeds	291,195,937	442,812,159	743,782,016
Sales and Charges for Services	37,031,619	24,672,951	21,262,655
All Other Revenue	75,323,561	66,730,938	44,061,735
Mandated Distributions and Transfers Out	(572,620,042)	(654,079,848)	(660,839,926)
AVAILABLE REVENUE	\$2,313,257,338	\$2,941,860,792	\$3,106,600,807
USES			
Highway Division	\$1,268,598,840	\$1,985,673,095	\$2,012,521,884
Driver & Motor Vehicle Services Division	116,947,247	121,159,799	130,172,958
Motor Carrier Transportation Division	45,999,157	47,685,471	50,298,092
Transportation Safety Division	18,784,508	18,382,500	23,385,516
Public Transit Division	38,780,378	44,319,565	50,891,925
Rail Division	37,431,038	45,381,062	78,251,653
Transportation Program Development	55,380,015	60,554,493	61,160,062
Central Services	103,947,280	109,399,396	122,550,950
Board of Maritime Pilots	270,124	273,761	208,742
Debt Service	129,608,600	194,231,330	169,916,983
Capital Improvement & Construction	3,284,467	5,107,809	4,790,689
Loan Programs	40,945,078	8,630,519	17,663,632
TOTAL EXPENDITURES	\$1,859,976,732	\$2,640,798,800	\$2,721,813,086
ENDING BALANCE*	\$453,280,606	\$301,061,992	\$384,787,721
Positions	4,856	4,667	4650
Full-Time Equivalent (FTE)	4,693.62	4,559.61	4562.87

*Based on 2003-2005 Estimate

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ENDING BALANCE DETAIL

	2001-2003 Actual	2003-2005 Actual	2005-2007 Adopted
Highway Fund	\$228,499,068	\$223,689,860	\$297,019,070
Environmental Quality Fund	5,049,352	5,049,352	1,748,009
Emerging Small Business	4,232,346	4,232,346	4,232,346
Snowmobile/Winter Recreation Funds	3,701,736	3,701,736	3,701,736
Revenue Bond Proceeds	168,903,233	8,321,931	0
Public Transit Division	3,508,506	4,409,615	4,686,553
Rail Division	3,725,455	10,804,468	117,989
Transportation Safety Division	5,702,632	8,899,193	7,318,863
Lottery Debt Service	0	0	0
Board of Maritime Pilots	82,216	0	8,134
Transportation Operating Fund	1,381,989	2,881,079	455,136
Debt Service	10,335,253	9,547,671	54,841,065
Special City Allotment	695,983	695,983	695,983
High Speed Rail Oil/Governor's Reserve	272,021	272,021	272,021
OTIB	17,190,816	18,556,737	9,690,816
TOTAL	\$453,280,606	\$301,061,992	\$384,787,721

SOURCES OF FUNDS (REVENUE)

Beginning Balance: \$348.7 million

Estimated 2003–2005 committed reserves and ending cash balance carried forward into 2005–2007. The actual ending balance for 2003–2005 is less than the 2005–2007 estimated balance by \$47.6 million.

Motor Fuel Tax: \$852.4 million

Includes motor fuel and aviation fuel taxes. Forecasted revenues for 2005–2007 reflects a 0.97 percent increase over 2003–2005 revenue.

Federal Funds: \$604.7 million

Primarily for Highway Division, with lesser amounts for Transportation Safety, Transportation Program Development, Public Transit, Rail and other programs. Decrease in Federal Funds is due to construction schedule of highway STIP projects that are being constructed in 2005–2007 that use federal funds but were obligated during prior periods.

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Weight Mile Taxes: \$455 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) as well as the increase in the economy. The weight mile tax increase helps finance the OTIA III bridge bonding program. This legislation generated \$38.5 million for 2003–2005 and \$58.3 million in 2005–2007 for state and local governments.

Driver and Vehicle Licenses and Fees: \$499.5 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 \$116.8 million for 2003–2005 and will generate an additional \$156.8 million in 2005–2007.

Transportation Licenses and Fees: \$63 million

This includes truck registrations, vehicle and Sno-Park permits. Sources include \$12.7 million from DMV fees and permits and \$50.4 million from Motor Carrier Licenses and Fees. During 2001–2003 a change was made in how vehicle permits are recorded. They are now being recorded as part of vehicle licensing.

Internal Charges for Services: \$0.8 million

This is a decrease of nearly \$41 million and reflects the elimination of the most of the non limited program. Non-limited programs are funded through internal transfers for work performed by ODOT where ODOT is also the customer such as Fleet Services.

Transfers to ODOT: \$103.5 million

These funds include cigarette tax revenue, local government match and participation in highway projects, and Transportation Growth Management program match from the Department of Land Conservation and Development. The increase results from local government match on OTIA and STIP projects being constructed in the 2005–2007 biennium.

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General Fund: \$8.6 million

Provides funding for the Rail Division's Passenger Rail program.

Lottery Funds: \$22.1 million

Legislatively directed debt service for Westside Light Rail, South Metro Commuter Rail and Short-Line Infrastructure Assistance Program. The increase is due to additional bonds issued for South Metro Commuter Rail.

Bond/Certificates of Participation: \$743.8 million

Includes proceeds from OTIA bond issuance (\$701 million), South Commuter Rail (\$36 million), and Industrial Rail Spur Program (\$6 million).

Sales and Charges for Service: \$21.3 million

Includes sale of DMV records, Highway Division miscellaneous services and sale of property, timber and equipment.

All Other Revenue: \$44.1 million

Items in this category include railroad gross revenue receipts (\$3 million), interest income (\$16 million), Infrastructure Bank loan repayment (\$10 million), rent and fines (\$5 million), utility permit fees (\$5 million) and other miscellaneous revenue (\$5 million). The 2001–2003 revenue includes \$8.6 million more than the 2003–2005 revenue. This can be primarily attributed to the Tri-met Fund exchange project.

Mandated Distributions and Transfers Out

These distributions includes transfers to cities (\$231.8 million) and counties (\$356.6 million) from fuels tax, weight mile tax, cigarette tax and licensing, as well as to other state agencies (\$68 million) including Parks and Recreation, Marine Board, Forestry and Aviation.

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USES OF FUNDS (EXPENDITURES)

Highway Division

The large growth in the 2003–2005 Highway Division programs is tied to Oregon Transportation Investment Acts (OTIA I, II and III). During the 2003–2005 biennium \$300 million of bonds were distributed to the Cities and Counties as directed in OTIA legislation. An additional increase of \$400 million in Highway Division expenditures is related to increased project design and construction for the OTIA program.

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. The 2003–2005 growth reflects a \$3.4 million increase in State Government Service Charges—PERS debt service, liability insurance, and workers compensation insurance. The increase is 7% for the 2005–2007 and includes policy packages of \$1.2 million for temporary services, \$570,000 for Merchant Fees on Bank cards, \$530,000 for digital photo, \$371,000 for position adjustments and \$246,000 for social security number verification federal grant.

Motor Carrier Transportation Division

The 2003–2005 growth of four percent (\$1.6 million) reflects continued growth in Motor Carrier Safety Assistance Program expenditures—primarily to Oregon State Police and increases in State Government Service Charges—PERS debt service, liability insurance, and workers compensation insurance. The increase for 2005–2007 is five percent (\$2.6 million), and is primarily due to increases in personal service costs resulting from salary and PERS increases.

Transportation Safety Division

There is a 27 percent increase in TSD's 2005–2007 budget versus the 2003–2005 actual expenditures. This can be attributed to the following changes in the program: the amount reimbursed to schools for student driver training was increased from \$150 to \$210 per pupil; the division is increasing the number of patrol hours in workzones as the number of workzones increase and new federal acts are increasing the amount of federal funds available for grants.

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Public Transit Division

The 15 percent increase each biennium is a combination of program enhancements totaling \$4.7 million, and under-spending of \$5.4 million in 2003–2005. 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 2003–2005 under spending includes \$3.5 million in unspent Federal funds and \$1.5 million in Other Funds from the previous biennium for grants to transportation providers that will pay out in the current biennium.

Rail Division

The 2003–2005 increase is the result of a one time exchange of funding types (pass through) with Tri-met for \$9.2 million and reduction in Federal Project payouts (\$3.5 million) that were completed in the 2001–2003 biennium and were not carried into the current biennium.

The 2005–2007 increase is attributed to projects that are supported by Lottery-backed bonds: South Metro Commuter Rail (\$35.5 million) and Industrial Spur Infrastructure Improvements (\$6 million).

Transportation Program Development

The 2003–2005 increase is primarily the result of the addition of \$900,000 for PERS debt service and a 2001–2003 Special Payment of \$4.4 million that paid out in the 2003–2005 biennium as the work was completed.

Central Services

The 2003–2005 expenditures were five percent higher than 2001–2003 expenditures. The 2003–2005 increase is primarily the result of the addition of PERS debt service of \$2.2 million.

The 2005–2007 budget is a 12 percent increase from the 2003–2005 expenditures. In the 2005–2007 some internal position transfers were made (\$1.4 million) for the Policy Section and a Performance Measurement position between Transportation Program Development and Central Services. Policy Packages for computer infrastructure upgrades (\$1.0 million) and information technology contractors to support current ODOT business systems (\$3.0 million) were approved. Additionally, an increase for

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PERS debt service (\$1.0 million) above the prior biennium increase is needed. The remainder of the increase is normal inflation and personal service increases.

Board of Maritime Pilots

The 25% decrease in 2005–2007 reflects adjustments in PERS and Attorney General rates, and the reduction of non-limited expenditure limitation and matching expenditures with anticipated revenue levels.

Non-Limited Programs (Non-Limited Loan Fund)

Non-Limited Operations

The 2005 Legislature determined that the expenditures of this program do not meet the criteria for Non-Limited authority. The program was transferred to the Highway Division Maintenance program. Resulting in a reduction of \$13,095,439 Other Funds Nonlimited and the transfer of 42 positions (42.00 full-time equivalent) to the Highway Division Maintenance program.

Non-Limited Support Services

The 2005 Legislature determined that the expenditures of this program do not meet the criteria for Non-Limited authority. The program was transferred to the Highway Division Maintenance program, resulting in a reduction of \$37,899,298 Other Funds Nonlimited and the transfer of 150 positions (150.00 full-time equivalent) to the Highway Division Maintenance program.

Non-Limited Debt Service and Loan Fund (Renamed Non-Limited Loan Fund)

The 2005 Legislature determined that Debt Service is not an unpredictable expense, thus the expenditure limitation associated with Other Funds Debt Service should be reclassified as Limited. The Other Funds Debt Service (\$147,684,826) and Services and Supplies (\$112,486) expenditures were transferred to the Lottery Debt Service program unit (renamed Debt Service), resulting in a reduction in this program unit of \$147,796,826 Other Funds Nonlimited. The remaining Non-Limited expenditure limitation is related solely to the Non-Limited Infrastructure Loan program.

Capital Improvement and Capital Construction

The Capital Improvement for the three biennia is flat, with very minor inflation. The Capital Construction program primarily includes the pay out for the Sylvan maintenance station/District 2A compound.

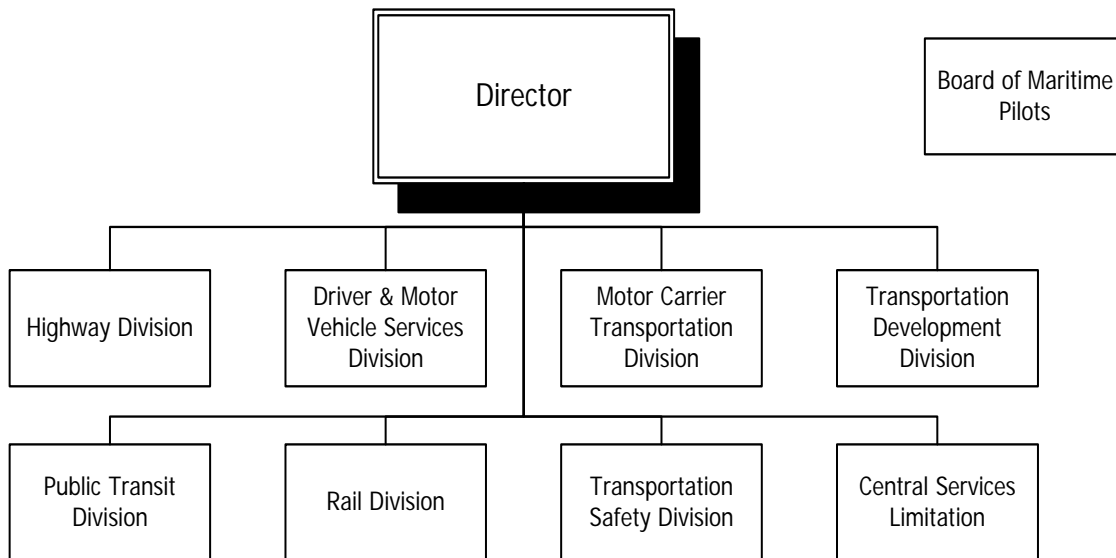
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Debt Service

Over the last two biennia, lowering interest rates have allowed existing bonds to be paid off and re-issued (refunded) at a more favorable interest rate. This process overstates the total debt service paid during the periods. During 2001–2003 there was a \$62.5 million refunding of Westside Light Rail lottery bonds. And during 2003–2005 there was a \$108 million refunding of OTIA 2002 bonds and Local Streets 2000 bonds. Net of these refundings, debt service was \$67 million for 2001–2003, \$86 million in 2003–2005, and \$170 million in 2005–2007. The steady growth is the direct result of increased bonding for the OTIA program.

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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.

Highway Division

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— HIGHWAY DIVISION —

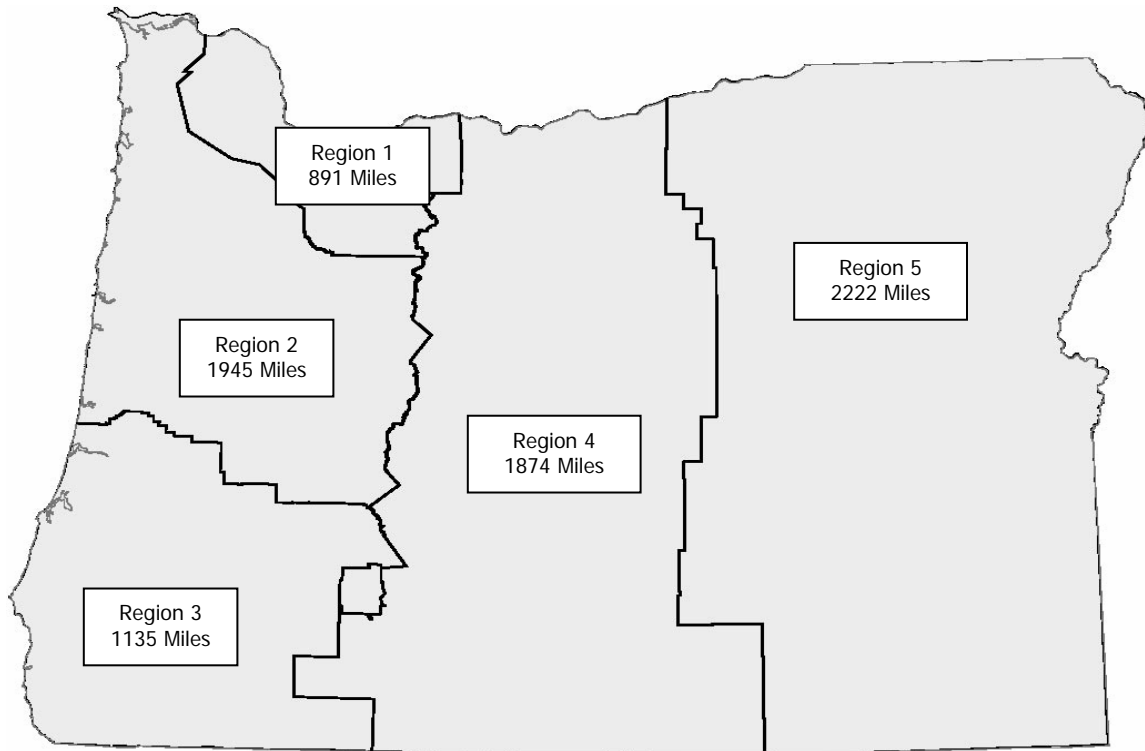
HIGHWAY DIVISION

The purpose of the Highway Division is to design, build, maintain, and preserve quality highways, bridges, and related system components. The Highway Division derives its mission and activities from a comprehensive set of long-range multi-modal transportation system plans and policies developed and maintained under the direction of the Oregon Transportation Commission. The plans cover highways, mass transit, ports, freight and passenger rail, bike lanes, and pedestrian needs. The Statewide Transportation Improvement Program (STIP) is a project funding and scheduling document developed through a planning process that involves local and regional governments, transportation agencies, and the interested public. It is updated every two years through a public hearing process. ODOT is responsible for delivering projects associated with Oregon Transportation Investment Acts (OTIA) I, II, and III, as well as other STIP projects. Enacted by the Legislature in 2001-2003, OTIA I-III authorized bonding to fund modernization projects, pavement preservation, and bridge repair and replacement.

ODOT operates and maintains nearly 8,100 miles of roadway in every corner of Oregon. The highway system is as diverse as the state itself. Oregon's economy depends on a sound highway system. Local, regional, and national industries—including agriculture, timber, tourism, and technology—rely on our transportation infrastructure.

State highways make up less than ten percent of total road and street miles in the state, but carry 60 percent of the traffic—more than 57 million vehicle miles per day. More people are driving more cars for more miles, on the same highways, streets, and roads. Despite a 23 percent increase in miles traveled over the past decade, Oregon's road mileage has grown by only 3.7 percent. Roughly 70 percent of commuters drive alone to and from work. Congestion is worsening, especially on urban freeways.

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8,067 HIGHWAY MILES

A strong economy needs a strong highway system. State highways link producers, suppliers, shippers, markets, and transportation centers. Over 3,700 miles of Oregon roads, both rural and urban, have been designated National Highway System routes because of their importance to the state's economy. These roads provide 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. Intercity buses, transit buses and vans, car pools, motorcycles, bicycles, and pedestrians also use highways. Many state highways are built to support alternative transit modes, particularly in heavily traveled and urban areas. Special features include bicycle and walking paths, transit stops, bus pullouts and shelters, and park-and-ride lots. Electric, gas, telephone, and other utility lines also use highway right-of-way.

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Organizationally, the Highway Division is administered through the five regional offices and the headquarters office. In the past, the agency has completed most engineering and design work in-house while contracting with private companies for the actual construction of projects. During the 2003–05 biennium the Highway Division reorganized to contract out most engineering and design work, as well as highway construction. To facilitate the implementation of this new business model and to ensure efficient project delivery, more than 300 Technical Services headquarters' staff were redeployed in the five Highway Division regions.

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
- UTILITY PERMITS
- SPECIAL PROGRAMS

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HIGHWAY MAINTENANCE

The purpose of the Highway Maintenance Program is to maintain, repair, and extend the service-life of the 8,067-mile state highway system. Program activities include surface patching and bridge repair; upkeep of roadway shoulders, drainage, landscape, and rest areas; snow removal; sanding of roads; emergency repairs to roadways following natural disasters; and maintenance of ODOT buildings and equipment. Maintenance projects may include the replacement of necessary safety materials (such as road signs) but do not generally include reconstruction. Departmental personnel perform much of the highway maintenance work, in contrast with construction, and engineering and design work, which is primarily contracted out to private companies. Highway maintenance activities generally fall into two categories: reactive and proactive.

REACTIVE: If it breaks, fix it. Reactive maintenance resolves an existing problem or concern and is incident-driven.

PROACTIVE: Spend now to save later. Proactive maintenance includes inspection, preservation and restoration activities that will prevent damage to the transportation infrastructure, extend the infrastructure's life cycle, or reduce life cycle costs. Proactive maintenance is driven by resources and cost-benefit analyses.



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Highway maintenance is also responsible for upkeep of 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 members of the public with questions about state highways, requests for special highway-use permits and those seeking general maintenance information.

HIGHWAY MAINTENANCE PROGRAMS

Surface Repair

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

Drainage

Drainage activities remove water, a significant danger, from roadways. Water trapped under pavement can cause roads to fall apart quickly, and water trapped in hillsides can cause dangerous and road-blocking slides. To improve drainage, highway maintenance employees clean and shape ditches, clean and repair culverts, and restore 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 from roadways, repairing access-control fences, and removing hazardous trees, roadside weeds and other vegetation that can block driver visibility. Additional activities include maintaining access to sidewalks and bike paths, installing sidewalk wheelchair ramps, removing litter from highways and right-of-ways, repairing damage caused by vandalism, and maintaining landscaping and rest areas.

Snow and Ice

To keep roads open in winter conditions, highway maintenance staff plow snow, sand for increased traction, and apply environmentally friendly anti-icing chemicals.

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Bridge Maintenance

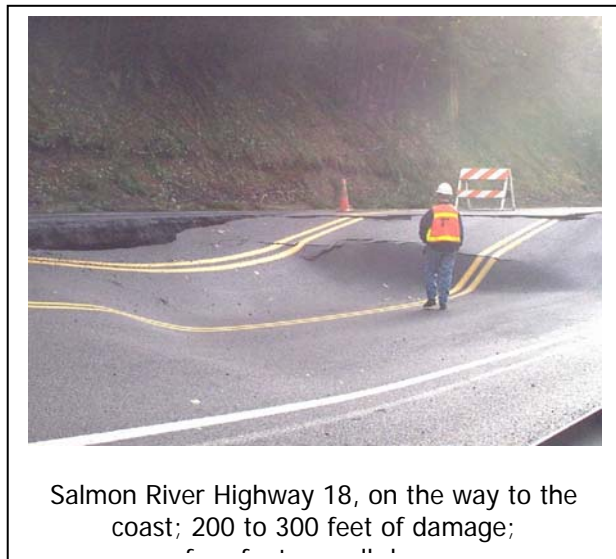
Bridge maintenance activities include cleaning, spot painting, patching, repairing deck structures, and removing debris from bridge piers. Bridge maintenance is also responsible for drawbridge operations.

Traffic Services

Traffic Services activities guide drivers to improve traffic flow or keep vehicles from straying into oncoming traffic or off the road. Traffic Services work includes 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 other barriers.

Extraordinary Maintenance/Damage

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



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. Emergency relief includes those activities performed during and immediately after a disaster to restore essential traffic, minimize damage and protect remaining facilities. State employees perform the bulk of emergency relief work, with additional support from private contractors. Permanent repairs made in the wake of a disaster to restore the highway to its pre-existing condition are primarily contracted out to private firms.

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Congress created an emergency fund to repair or rebuild highways, roads and trails that suffer serious damage from natural disasters. The Federal Highway Administration Emergency Relief program supplements state resources, providing additional resources for disasters impacting federal aid highways or roads on federal lands. Most of Oregon's state highways are federal aid highways. Application for these federal funds requires a declaration of emergency by the Governor and damage must generally exceed \$700,000 from a single event.

Facilities

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

Fleet Services and Supply Operations

Fleet Services purchases and repairs the fleet equipment used for all of ODOT. Fleet equipment is budgeted within the limitation where it is used. Most of ODOT's fleet resides within the Maintenance limitation and is used for the maintenance activities described previously. Supply Operations includes manufacturing highway signs, warehousing forms and supplies, and transporting new and used fleet equipment.

Wireless Group

The Wireless Group performs operational, maintenance, engineering, construction, and customer support work for the ODOT two-way radio and microwave networks, the network wireless infrastructure, and Intelligent Transportation Systems (ITS) wireless support. These systems support the daily operations of highway maintenance and construction crews and have experienced substantial growth in recent years. This growth is expected to continue.

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HIGHWAY CONSTRUCTION PROGRAMS

Highway Construction is made up of the many activities that support the design and construction of projects, as well as 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. Highway construction also includes the Local Government Program and Special Programs. A description of the STIP and how projects are selected for construction is included in Appendix A.

Preservation Program

Pavement preservation projects, such as asphalt overlays, add useful life to a road without increasing traffic capacity. Preservation projects rehabilitate existing surfaces and extend their service life. The program strives to conduct resurfacing treatments at the most cost-effective time in the life cycle of a pavement. This approach allows highways to be resurfaced while they are still in “fair or better” condition and require only relatively thin paving.



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 1999 Oregon Highway Plan established a long term goal of having 90% of state highway miles in fair or better condition. ODOT has used innovative and cost-effective strategies to maintain a high percentage of miles in fair or better condition despite an aging system. While the condition rating is expected to stay at



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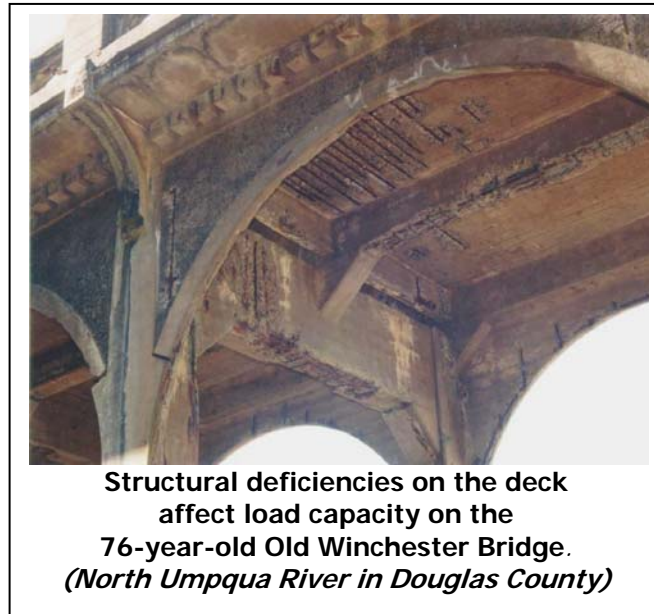
about 85% fair or better statewide through 2010, urban pavement conditions are expected to decline due to higher cost of urban preservation.

Bridge Program

The bridge program is responsible for preserving more than 2,600 bridges, tunnels, and culverts on the state highway system. There are three generations of bridges in Oregon: those built prior to the 1950s, those built between 1950 and 1970, and those built since the 1970s. Only those bridges built since the 1970s were constructed using current capacity and seismic standards. 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 conduct 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 use the results of the inspections to develop programs for bridge maintenance, major rehabilitation and replacement. ODOT then identifies projects for inclusion in the STIP.



BRIDGE PRIORITY ACTIVITIES:

- **Repairing structural deterioration**
Restores bridge service levels by upgrading the deficient features on a bridge, such as the superstructure, substructure, footing or deck.
- **Major bridge painting projects—Metal Structures**
Preserves bridge investments by decreasing the risk of corrosion and associated loss of capacity.

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- **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 by preventing the loss of foundation support often caused by streambed erosion, which can cause bridge collapse.
- **Protecting bridges from earthquake damage (seismic retrofits)**
Preserves bridge investments by enhancing bridges' ability to resist earthquakes.
- **Repairing and protecting bridges against corrosion damage – Concrete Structures**
Preserves bridge investments by decreasing the risk of corrosion damage and associated loss of capacity.
- **Upgrading electrical and mechanical systems in movable bridges**
Preserves bridge investments and enhances safety by replacing outdated equipment used to operate the movable portion of a bridge.
- **Implementing safety improvements**
Improves safety through such activities as installing new railings, widening bridges, and upgrading protective fencing.

BRIDGE ISSUES

Most Oregon bridges were designed to be replaced after approximately 50 years. Twenty-three percent of state-owned bridges are more than 50 years old and require extensive rehabilitation and/or replacement. 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, a growing number of bridges are in need of load restrictions and emergency repairs.

Cracks can develop as bridges grow older and experience increasing stress. When inspections show increased cracks over a short period of time, ODOT must consider imposing weight restrictions on a bridge to ensure public safety. Because trucks deliver needed goods to every community in Oregon, these weight restrictions can affect Oregon's economy through higher shipping costs and delays, causing significant

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adverse economic impacts at the local and regional level. 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.

The Oregon Transportation Commission, the Governor and the Legislature have made bridges a priority. In 2003, the Legislature passed House Bill 2041, which provides \$1.3 billion for the replacement and repair of bridges on state highways. Work is underway to ensure traffic and the economy keep moving by ensuring the backbone is completed first and then other bridges critical to freight and the state's economy are addressed. In spite of this significant investment in state bridges, there remain a large number of bridges nearing the end of their expected life that cannot be restored with existing funds.

Modernization Program

The Modernization program funds capital construction projects that add capacity to the highway system, by adding lanes or building new facilities such as bypasses. ORS 366.507 requires ODOT to dedicate a minimum amount of \$51 to \$54 million per year to highway modernization work. This level of investment allows ODOT to meet only 12 percent of the need for increased vehicle capacity.

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

Recognizing the need to focus financial resources on preserving the state's existing infrastructure, the Modernization Program is funded at the minimum funding level allowed under the law. As a result, few new modernization projects have been considered over the last several years, with the exception of those projects funded by the Oregon Transportation Investment Acts (OTIA I-III). These programs made additional modernization projects possible by bonding new and existing revenue. As bond proceeds authorized under OTIA I-III are expended, additional funding will need to be identified to fund highway modernization needs.

Immediate Opportunity Fund (IOF)

The Immediate Opportunity Fund is a discretionary grant program that distributes funds for street and road improvements that will influence the location, relocation, or retention of firms in Oregon. Grants may not exceed \$1 million, and are distributed to

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private firms or their local government sponsors. The IOF also provides procedures and funds for the Oregon Transportation Commission to respond quickly to unique economic development opportunities. The IOF funds only those projects for which other moneys are unavailable or insufficient, that serves a strategic economic purpose, and require immediate action. All IOF projects are included in ODOT's Modernization Program.

Highway Safety Program

The primary purpose of the Safety Investment Program (SIP) is to identify sections of state highway with the highest number of fatal and serious injury crashes and take steps to improve safety on those roadway segments. Oregon had 456 fatalities in 2004 a 10.96 percent decrease from the 512 fatalities occurring in 2003. The ODOT Safety Division and the OTC have set a goal to reduce the fatality rate to 0.99 per 100 million vehicle miles traveled by 2010. This equates to lowering the statewide fatality count to 370 by 2010.

The SIP enables the department to balance the needs of two critical transportation facilities elements—safety and pavement preservation—while providing the most cost-effective means of reducing fatalities and serious injuries on the state highway system. Currently there are over 622 high crash locations identified on the state highway system and approximately 1,700 miles of roadway with a significant number of fatal and severe injury crashes.

The Highway safety program works to maximize the impact of money spent (in terms of crash reduction) by targeting expenditures where they are most cost-effective. First, five-mile sections of the state highway system are categorized by the number of fatal and severe crashes occurring on them during a three-year period. Second, a section's SIP categorization is considered when selecting projects to be included in the STIP. Third, projects on sections with no history of fatal and serious injury crashes may have only minimal safety upgrades included in projects whose primary aim is



**Median concrete safety barriers,
like the one above, help save lives.**

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preservation. Sections with greater crash frequency receive larger investments in safety improvements, often delivered through stand-alone safety projects.

Data used in SIP categorization comes from a site-specific Safety Priority Index System which shows accident history by mile point and is updated annually. The Highway safety program also uses software that allows users to analyze SIP segments for potential safety improvements using engineering counter-measures.

Highway Operations Program

Highway Operations includes planning, development, and implementation of improvements to relieve or prevent traffic congestion and to improve safety. Operations activities are prioritized through the use of several tools, including the Rockfall Hazard Rating System, the Statewide Intelligent Transportation System (ITS) Strategic Plan, Regional ITS Deployment Plans, and the Information Technology Tactical Plan. Enhanced prioritization tools are currently under development. A growing population and limited funding have increased ODOT's reliance on system efficiency tools to manage congestion and improve safety. This program consists of four categories: Slides and Rockfalls; Intelligent Transportation Systems; Signs, Signals and Illumination; and Transportation Demand Management.

1. Slides and Rockfalls

Many factors are used to prioritize preventive landslide and rockfall projects, including the hazard to the travelling public, annual maintenance costs, the number of trips on the highway, input from ODOT district personnel, and the ODOT Rockfall Hazard Rating System.

2. Intelligent Transportation Systems (ITS)

Investment in ITS tools represents strategic deployment of technology to solve transportation problems in the most cost-effective manner. ITS initiatives include:

- Urban Traffic Management projects are targeted primarily at relieving traffic congestion. For example, Portland's Advanced Traffic Management System provides an effective means to monitor the highway system, quickly detect problems, and manage existing highway capacity more effectively. Systems like this decrease travel times for commuters and improve safety. For instance, introduction of ramp metering in Portland increased peak-period travel speeds and reduced accidents by 43 percent on Interstate 5. Effective traffic management also helps to reduce auto emissions and fuel consumption.

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- Rural ITS projects use advanced technology to benefit motorists outside of Oregon's urban areas. The main focus of Rural ITS projects are to increase the safety of travelers. Highway cameras, variable message signs, warning systems (for phenomena like high wind or high water) and road weather information systems provide motorists with the information needed to make better travel decisions, particularly in the winter. These projects also support greater operational and maintenance efficiency on rural highways.
- Travel Information Services uses a number of state-of-the-art tools to deliver 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 to avoid adverse weather and road conditions. In an average month, TripCheck.com receives more than 600,000 hits.

The 511 system—the national three-digit traveler information phone number—was implemented in Oregon in December 2003. This system provides a single, simple, and consistent phone number for members of the public to use when seeking travel information. Oregon's system record for monthly call volume was 641,639 in January 2004. A national single day call volume record was also set by ODOT in January 2004, when it handled 43,078 calls on January 6.

- 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. Lack of real-time information has been identified as a major obstacle to greater use of public transportation services. The program's goal is to improve the mobility of Oregonians by increasing the accessibility of public transportation options.

ITS investments can be best targeted when considered from a system-wide perspective, rather than the perspective of many individual roadside devices. For example, a single ramp meter typically offers little appreciable benefit to the entire freeway system. However, a series of ramp meters that adapt to current traffic conditions can provide a high benefit to the system as a whole at relatively low costs.

3. Signs, Signals and Illumination

The Operations Program pays for replacement of traffic signals, signal interconnect projects, vehicle detection loop replacements, beacons and signal timing adjustments; signs; and the replacement of illumination systems. It also funds a limited number of new signals and signal upgrades at problem intersections.

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4. Transportation Demand Management

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

Local Government Program

Transportation management in Oregon is a cooperative effort involving all levels of government. ODOT and local government partners prioritize the road and bridge needs of each responsible agency. The agencies work collaboratively to address the highest priority needs, subject to the allowed uses of available funds. ODOT continues to share state and federal funds with local governments where permissible. Approximately 25 percent of federal highway funds allocated to Oregon are used to support local programs. Because ODOT is responsible for administering Oregon's entire federal highway funds, local expenditures related to federal highway programs are included in ODOT's budget. Local Government Programs include Fund Exchange, Special City Allotment, and Federal Aid Programs.

Fund Exchange

ODOT's Local Government Fund Exchange program allows local governments to exchange \$1 of their federal fund allocation for 94 cents in state highway funds. This exchange helps local agencies avoid complicated state and federal contracting regulations and ensures that all federal funds are expended within required timelines. Local Governments may need to accumulate funds over several years to pay for large projects. The amount of funds available for exchange is determined annually by ODOT. 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 has mandated that a portion of state gas tax revenues be distributed annually among cities with populations of less than 5,000. In addition, ODOT shares some of its own portion of the State Highway Fund with these cities. ODOT determines the dollar amount and distribution of these funds by agreement with the League of

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Oregon Cities. Cities can receive \$25,000, one-half of the maximum grant amount, up-front with final payment due from ODOT upon completion of the project. These payments are included in the budget for ODOT's Local Government program.

A similar program exists for small counties. However, funds for this program are transferred directly to the counties and are not reported as an ODOT budget expenditure.

Federal Aid Programs:

Surface Transportation Program

The Surface Transportation Program (STP) provides federal funds to states and local governments for highway, bridge, transit, or rail projects. Under STP provisions, urbanized areas with populations of 200,000 and greater receive an annual allocation based on population. Through an agreement with Oregon cities and counties, ODOT shares a portion of its yearly STP funding with local governments serving populations between 5,000 and 200,000.

Local Bridge

The distribution of federal bridge funds to states is based on the percent of deficient bridges nationwide. Through an agreement with Oregon counties, ODOT allocates a portion of federal bridge funds to local governments based on the percentage of deficient bridges in each county. Bridges are inspected every two years to determine deficiency ratings. During the 2003 session, the Legislature made an additional \$300 million available to the Local Bridge program through bonding. These funds are addressing critical bridge needs at the city and county level.

Congestion Mitigation and Air Quality

The Congestion Mitigation and Air Quality (CMAQ) program directs funds to air quality enhancement projects and programs in Clean Air Act non-attainment areas, 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. Please see Special Programs for information about the Transportation Enhancement program.

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Discretionary

Through ODOT, local governments can apply for federal discretionary funds such as Scenic Byways, Emergency Relief, or Covered Bridge grants, as well as special congressional earmarks.

Metropolitan Planning

A portion of federal transportation funds are set aside for planning activities in metropolitan areas. 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

On occasion, local governments contract with ODOT to develop and construct projects on their behalf. 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 manages the program and is responsible for the development and construction of projects. Oregon projects 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 projects 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. Funds are also expended on projects related to historic preservation, acquisition of scenic easements, landscaping and scenic beautification, and environmental mitigation to reduce water pollution caused by highway runoff. Projects are selected based on applications from local governments and other public agencies.

Salmon and Watersheds

The Oregon Plan for Salmon and Watersheds identifies how various agencies will restore threatened or endangered salmon species and meet the requirements of the federal Clean Water Act and state regulations. ODOT salmon and watershed projects

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include construction of highway culverts, opening tide gates, and other improvements to help fish populations impacted by ODOT activities. ODOT's Fish Passage Program repairs or replaces culverts that currently prevent fish stream passage. To date, over 100 culverts have been replaced or retrofitted to improve fish passage.

ODOT has pioneered efforts to incorporate fish passage mechanisms into highway construction, including improvements to habitat around in-water structures and fish-friendly bank repairs. ODOT is working to deploy available technology to enhance fish passage and habitat.

Pedestrian and Bicycle

State law (ORS 366.514) requires ODOT, cities and counties to spend no less than one percent of the State Highway Fund on footpaths and bicycle trails. In fulfillment of this requirement, ODOT constructs or enhances sidewalks and bikeways when modernizing a roadway. Most commonly, bike paths are placed on paved highway shoulders, which are often 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.

In addition, ODOT administers a local assistance grant program for bicycle and pedestrian projects. Local governments compete for funding for high priority projects within their communities. ODOT and local governments then share the costs of selected projects.

Jurisdictional Exchange

ODOT has identified a significant number of state highway miles that serve primarily local transportation needs. These include urban arterials traveled mostly by local residents, urban streets parallel to highway bypasses, and roads that serve similar purposes to county roads. Through negotiated agreements, ODOT transfers jurisdiction of these highways to local governments.

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Reimbursables

This section contains ODOT services that are paid by other parties. These costs include:

- Damage to structures: Recovers costs for repairs to highway facilities, such as signs, guardrails and crash-absorption devices damaged in crashes.
- Outside billings: Allows ODOT to bill for services provided to public agencies, private citizens and businesses.
- Management home purchase: ODOT occasionally buys and sells real estate when it transfers management service employees far from their present homes.

Indirect Costs

All non-direct costs that are not administrative in nature are considered indirect costs. 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

Certain crews throughout the department perform “direct” work (i.e. they work on specific highway projects), but for various reasons it may not be cost effective to charge costs associated with their work to direct expenditure accounts. These costs are considered indirect project costs, and are accounted for separately from “normal” indirect costs. For example, if an employee works on four projects in a half-hour period, it may not be cost effective to break down the employee’s time and charge it to the various individual projects.

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Examples of such multi-project work include:

- Quality assurance/quality control for construction projects
- Administration of local federal aid program
- Securing federal authorization for project work

Non-direct activities also support the development and delivery of highway projects, although they cannot be charged to an particular 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 and manuals, general local agency support, and development guides for contract plans
- Review of traffic investigations, requests for additional or modified traffic control devices, and development proposals
- General consultation with field personnel on engineering matters

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:

- Executive Deputy Director of the Highway Division 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 activities, such as the 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. Office of Civil Rights activities include:

- Provision of technical assistance to project management staff, contractors, and other stakeholders seeking to increase diversity.

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- Management of the Disadvantaged Business Enterprise Program. This program encourages the participation of businesses owned by women and minorities in federally funded construction projects. ODOT sets participation goals for each project of up to 15 percent, depending on the project size, location, and subcontracting opportunities.
- Management of the Emerging Small Business Program. This program helps emerging small businesses participate in state-funded construction projects.

Surplus Property

The Surplus Property Unit leases and sells property acquired by ODOT for highway construction projects when the property no longer has a present or future use to the department. This often occurs when ODOT purchases land for highway rights-of-way that is determined to be unnecessary in the final project design. In addition, federal law requires ODOT to make a purchase offer for excess property that is longer of value to the owner, which also becomes ODOT 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 signs and billboards along state highways in Oregon. Permit and licensing fees for outdoor advertising cover the cost of the program.

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

ITS uses innovative technology to improve the safety and efficiency of the transportation system, including the following:

- Operations support systems, which include remotely operated signs and weather information systems used to improve winter maintenance decisions.
- Tripcheck.com, a comprehensive travel information system, enables travelers to make informed decisions about route, mode, and timing of travel.
- 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.

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- Transportation operations centers monitor traffic and road conditions, operate ITS equipment (e.g. signs, highway advisory radio, etc.), enter incidents into traveler information systems, and coordinate incident response and maintenance communications within ODOT and with other agencies.
- Incident Management is ODOT's rapid detection and incident response program. The incident response program includes a fleet of vehicles that patrol congested corridors and keep traffic flowing by removing accidents, stalled vehicles, and debris from the road. Incident Management activities reduce incident duration, re-establish traffic flow, improve incident response coordination and management, and provide accurate and immediate information regarding incidents for travelers.

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.

Sno-Park Program

The 1977 Legislature created the Sno-Park program to provide for snow removal and parking enforcement at designated winter recreation area parking locations. The program is supported by the sale of Sno-Park permits.

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Snowmobile Facilities

The Snowmobile Facilities Program develops and maintains snowmobile facilities, including the purchase of land and the enforcement of snowmobile registration, operation, and equipment requirements. The program is supported by registration fees and fuel taxes attributed to snowmobile use. This program also receives a minimum of ten percent of the fees attributed to Class I ATVs (motorized off-highway recreational vehicles). ODOT administers the Snowmobile Facilities Program through an agreement with the Oregon State Snowmobile Association.

Rights-of-Way for Other Agencies

This unit recovers costs associated with providing department staff trained in right-of-way acquisition to local agencies who lack the necessary staff. Department staff help local agencies obtain the necessary right-of-way for construction projects, and reimbursement costs are recovered from project funds.

Systems Management

Systems management, coordinated by the Technical Services branch of the Highway Division, includes asset management and continuous improvement programs (i.e. quality assurance/quality control and technical performance measures), among other responsibilities.

Traffic Management

Traffic management activities include operation of speed zones, non-project traffic analysis, and traffic safety work.

Utility in Right-of-Way

Utilities are permitted in the state highway right-of-way free of charge. However, utility sites must be coordinated with ODOT and receive appropriate permits. In addition, when highway projects require the movement of utilities, the utilities must pay the cost of the relocation expenses.

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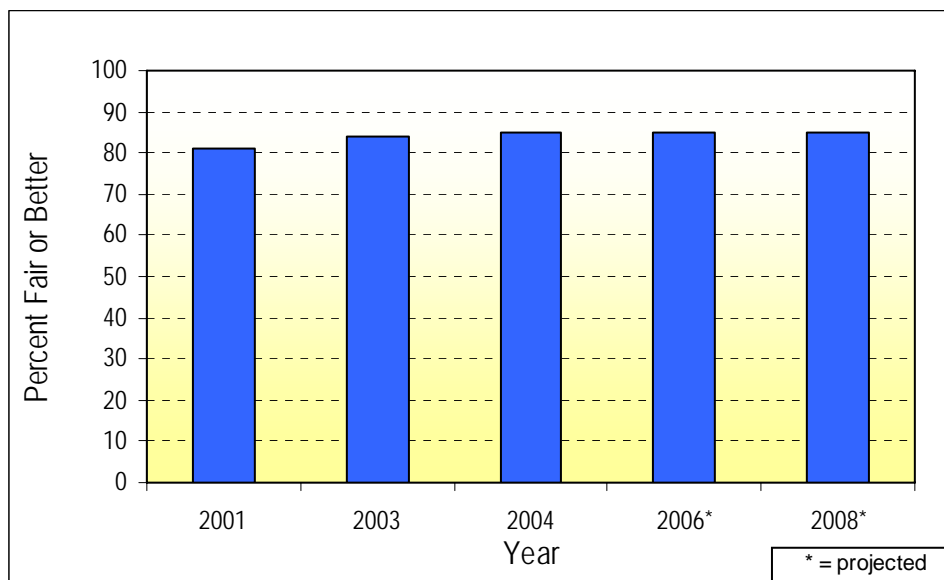
ISSUES / TRENDS

- Oregon's highway infrastructure—including pavements, bridges, and traffic control systems—continues to age, and therefore requires more maintenance and a growing share of ODOT's revenue. As the infrastructure ages it becomes increasingly difficult to keep pace with growing costs through efficiency gains.
- Oregon is expected to grow by 1.2 million people by 2020. Seventy-two percent of this growth will occur in the Willamette Valley, from Portland to Eugene. Growth places additional stress on already crowded highways and bridges. Increased vehicle travel also causes safety concerns for drivers, as well as for highway employees and contractors in work zones.
- Growing demand for driveway access to state highways creates congestion, slows traffic and increases safety concerns for both vehicles and pedestrians.
- Oregon's population is aging. Ensuring mobility for older citizens requires creative transportation solutions, such as more visible pavement markings, traffic signals, and signing.
- Environmental concerns have prompted many changes to ODOT practices. Often, additional work is required to deliver projects and programs in the most environmentally responsible manner.
- Strategies must be found to help Oregon meet long-term highway revenue needs. State highway fund sources (gas tax, weight-mile taxes, and vehicle registration fees) have not, with the exception of investments authorized by OTIA I-III, increased in more than a decade. State and federal revenues supporting highway programs have failed to keep pace with needs.

Performance Measures

Pavement Condition

Definition: Percent of pavement lane miles rated fair or better out of total lane miles on the state highway system



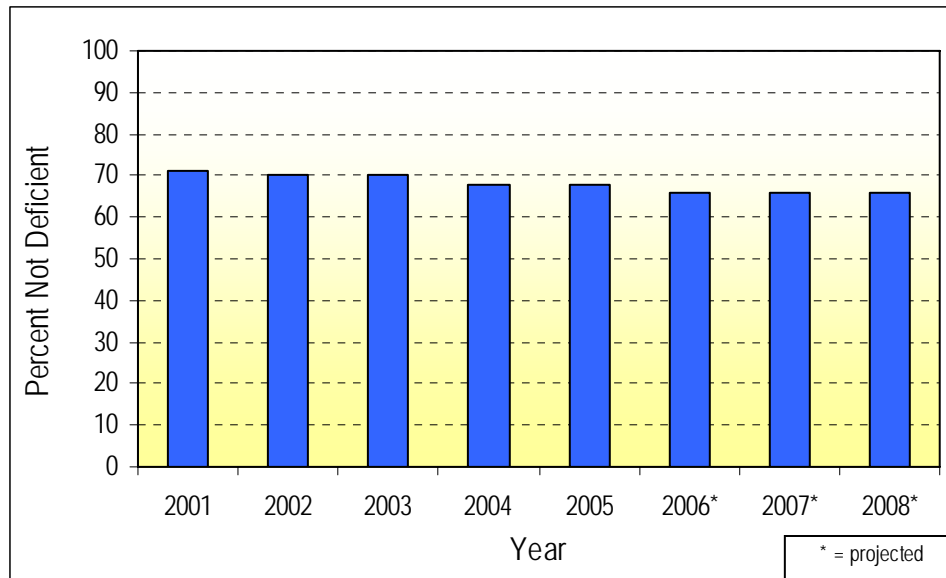
Note: Pavement Condition ratings are now conducted on a biennial basis (even years starting in 2004).

The percent of pavement in good condition is a measure of the level of service experienced by customers and an indicator of the ability of the agency to maintain the network. Using this measure at a disaggregate level (e.g., specific areas, corridors, roadways) can help ODOT identify particularly troublesome locations.

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Bridge Condition

Definition: Percent of state highway bridges that are not deficient

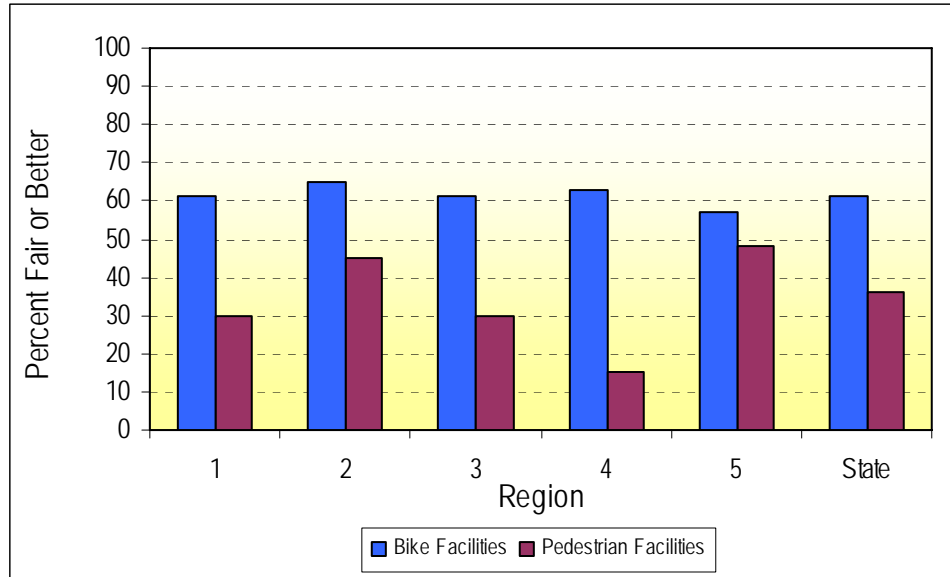


The percent of bridges in fair or better condition measures the quality of ODOT's bridge population and is an indicator of the level of service experienced by customers and of the ability of the agency to maintain the population. Using this measure at a disaggregate level (e.g., specific bridges) can help identify particularly troublesome locations. This measure captures potential freight movement issues by identifying deficiencies on identified freight routes.

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Bike Lanes and Sidewalks

Definition: Percent of urban state highway miles with bike lanes and pedestrian facilities in fair or better condition

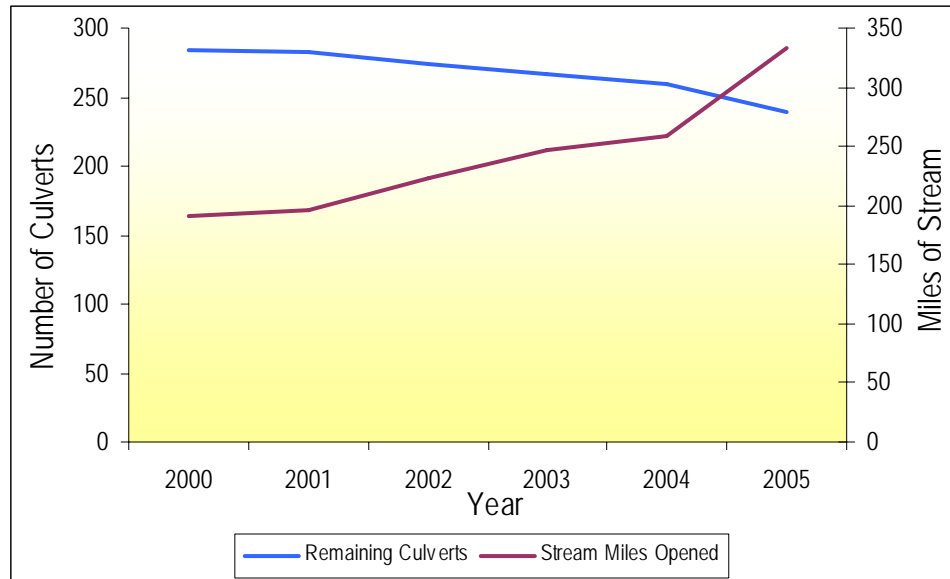


The percent of urbanized highway miles with sidewalks and bike facilities in good condition provides a complimentary measure to the pavement and bridge measures above. It captures the ability of cyclists and pedestrians to use the appropriate parts of the state highway system for trips of all types (commute, recreation, etc.) Using this measure at a disaggregate level (e.g., specific highways or towns) can help ODOT identify particularly troublesome locations.

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Fish Passage at State Culverts

Definition: Number of ODOT culverts that block wild anadromous and other migratory native fish passage remaining to be retrofitted or replaced, per ODFW inventories

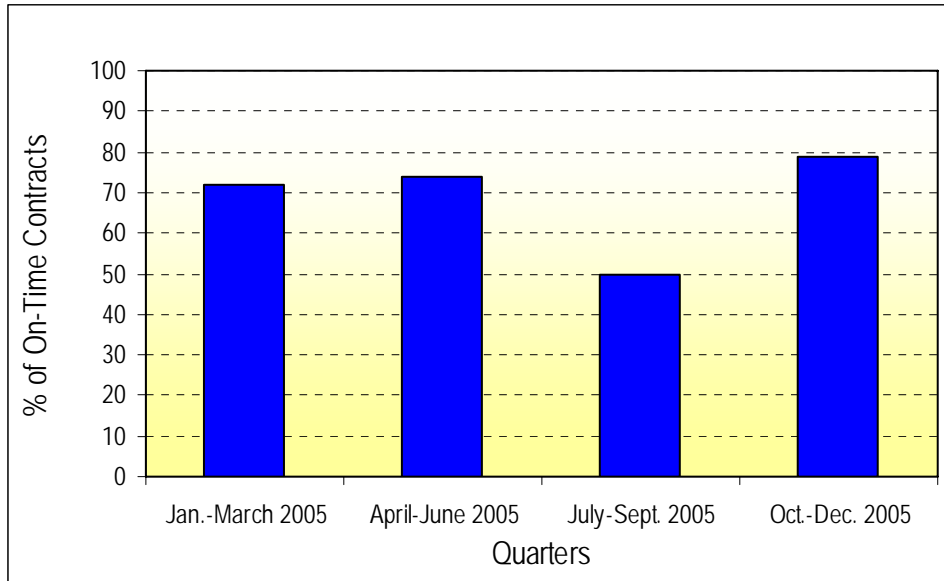


This measure targets a specific environmental issue that is a high priority for the state and is legislatively mandated. ODOT and Oregon Fish and Wildlife have identified a list of culverts that need attention. ODOT has been addressing these using \$3 million a year dedicated to improving fish passage.

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On-Time

Definition: Percentage of construction projects going to contract on time

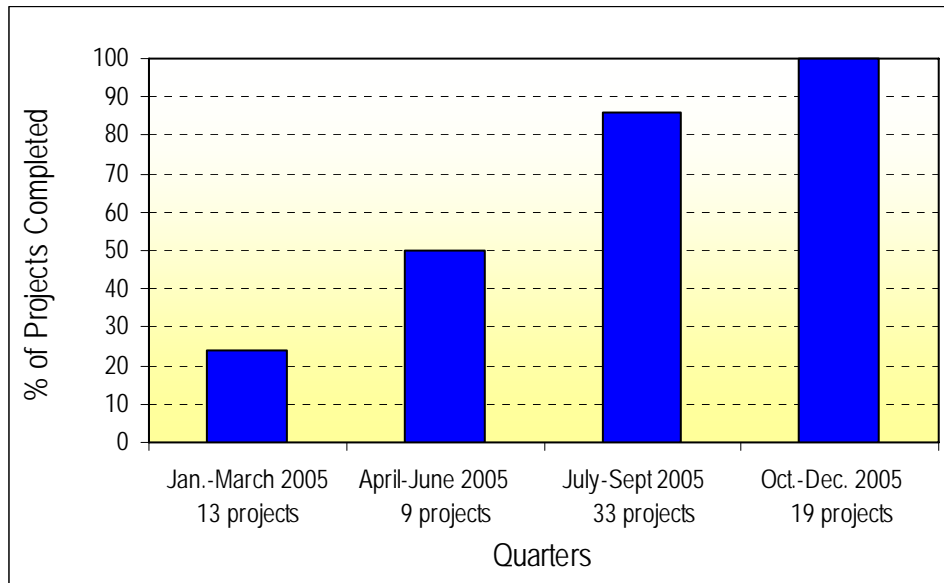


On-time contract letting is a standard program delivery measure used by various state Department of Transportations. This indicator provides a measure of the timeliness of delivery and helps ODOT identify specific projects and issues that must be resolved in order for projects to stay on track.

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On-Time, continued

Definition: Percent of construction projects completed on time

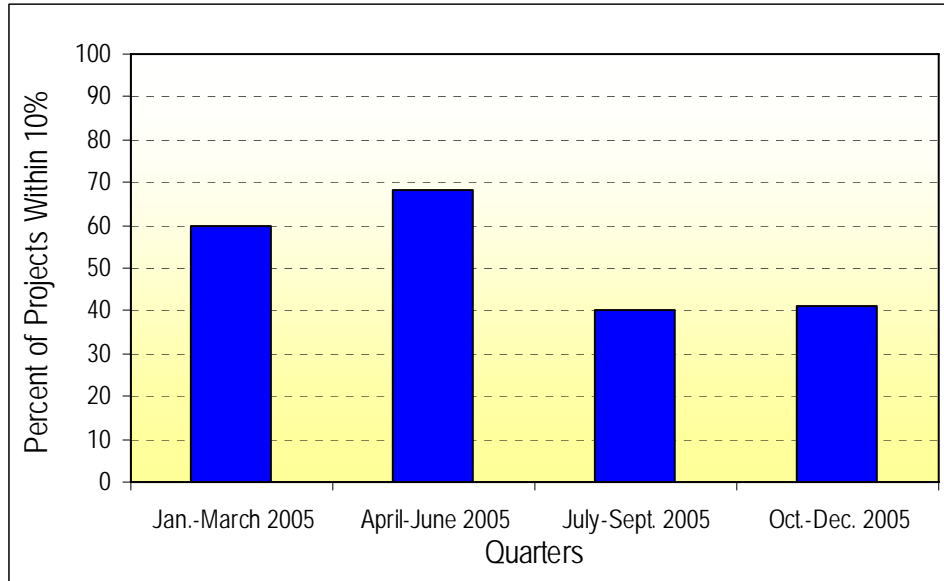


On-time construction completion is a standard program delivery measure used by various state Department of Transportations. This indicator provides a measure of the effectiveness of project delivery and management. The measure helps ODOT identify specific projects and issues that must be resolved in order to stay on track.

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On-Budget

Definition: Percentage of projects completed on or under projected preliminary engineering, right-of-way and construction cost

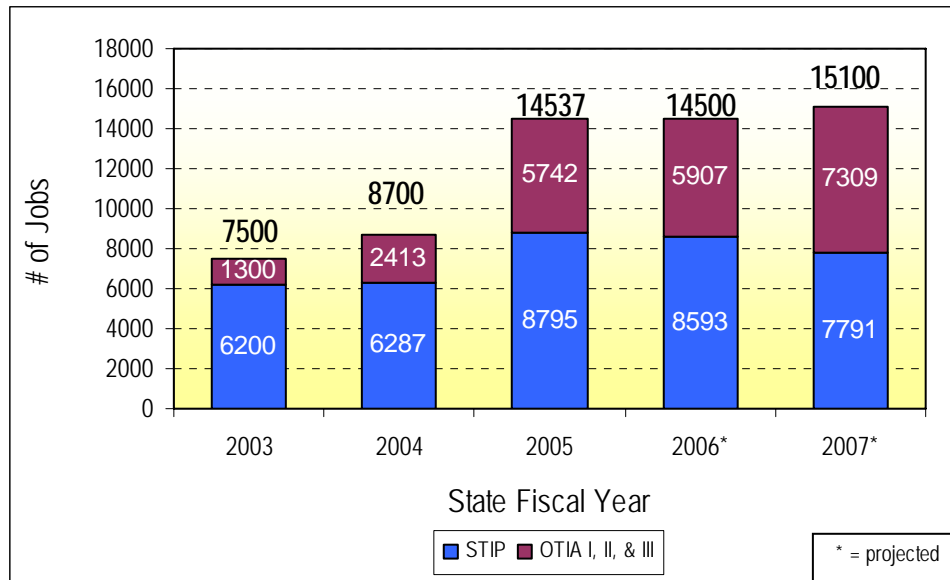


On budget project completion is a standard program delivery measure used by various state Department of Transportations. It allows ODOT to track cost overruns for projects. Feedback from this measure can help improve project scoping, design, and management.

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Jobs

Definition: Number of jobs sustained as a result of annual construction expenditures

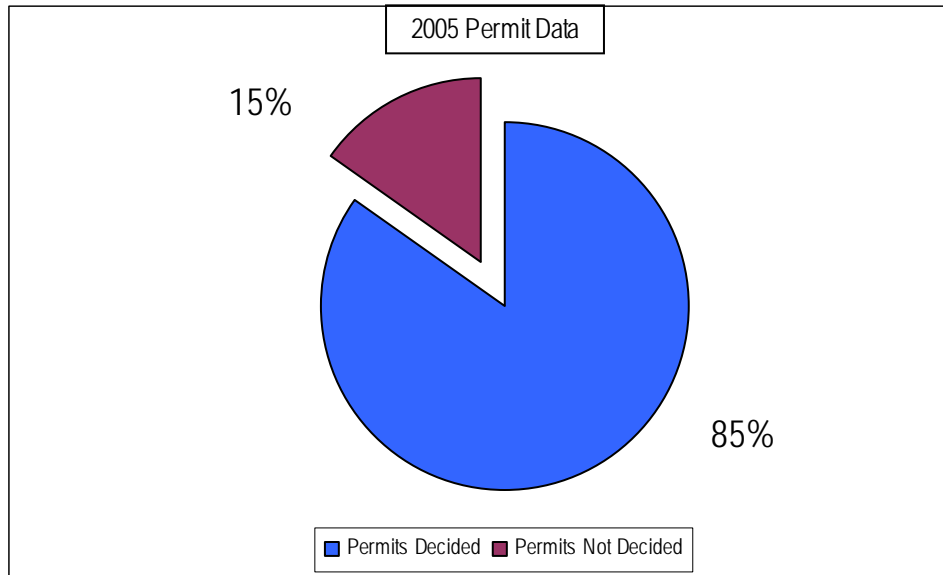


This indicator provides information on the economic benefits of ODOT's construction program by estimating the number of construction jobs created.

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Access Management

Definition: Percent of approach permit applications accepted or denied within 60 days of being deemed complete



ODOT is responsible for permitting access to state highways in accordance with the provision of OAR 734-051. Timely decision-making by the Agency in administering these rules has a significant influence on how citizens view the efficiency and effectiveness of government services. Meeting specified timeframes means that the Agency is being responsive and timely in providing answers to landowners requesting access.

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The Oregon Department of Transportation (ODOT), Highway Division has undertaken the development of a performance management system. The system is intended to provide clear indicators of progress towards achieving its strategic objectives, as well as feedback that assists Division managers and staff in the management of their respective areas.

ODOT partnered with Cambridge Systematics Inc., a national leader in transportation development, to develop and implement the performance management system. Additionally, a Performance Management Committee (PMC) was established to guide and oversee the development and implementation process. The PMC in conjunction with Cambridge Systematics, assessed existing measures, culture, technology and processes within Highway Division to develop a structure for the system, which include the following as seen on the next page:

- **Mission** – Highway Division’s role in achieving ODOT’s mission
- **Goals** – Five goals are aligned with the mission of the Division
- **Outcomes** – Various outcomes are aligned with the goals of the Division

Once the structure was developed, leading and lagging performance measures were created for each outcome. Lagging measures reflect the desired outcomes, and are used to assess whether performance targets have been achieved. Leading measures are intended to provide information that helps managers take corrective action; they may represent outputs or intermediate outcomes that are necessary for achievement of the desired outcomes. Sometimes, the leading and lagging measures may be identical (i.e. some measures can be used as the basis for identifying corrective actions and for evaluating the degree to which these actions were effective).

At this time, the Highway Division staff is reviewing and testing the performance measures. It is anticipated that 85% of the System’s measures will be ready for implementation by May 1, 2006, and the remaining 15% will be completed in the not too distant future.

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Highway Division Mission

The Highway Division supports the ODOT mission by planning, developing, implementing, maintaining and operating a safe and efficient highway system in context with the built and natural environment that provides economic opportunities for Oregonians.

Highway Division Goals and Outcomes

Goal	Desired Outcomes
I. Safety. Enhance the Safety of the Highway System	1. Reduced incidence of crashes, fatalities and injuries related to roadway design, condition or operations. 2. Reduced work-zone related injuries to motorists and highway workers
II. Preservation. Preserve and Maintain the Highway System	1. Highway system condition that allows for safe and efficient movement of people and goods 2. Asset condition maintained at sustainable levels 3. Maintenance and operations activities on-budget and at targeted levels of service 4. Reduction of delay related to construction, incidents, events and weather to the maximum extent possible 5. Protection of the functional integrity of the highway system while providing for access consistent with established system designations
III. Livability. Enhance Oregon's Livability Through Highway System Improvements	1. Maintained or reduced travel times and delays between communities in key freight corridors 2. Efficient highway system operation from the user perspective, considering linkages with other transportation system components and services 3. Enhanced scenic qualities of byways and tourist routes. 4. Environmental requirements and commitments met 5. Near-term construction-related benefits to the Oregon economy 6. Long-term benefits to the Oregon economy from highway system investments

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|--|--|
| <p>IV. Customer Satisfaction.
Meet or Exceed Customer Expectations</p> | <p>1. Positive customer and stakeholder perceptions of Highway Division planning, delivery, maintenance and operations</p> |
| <p>V. Efficiency.
Employ Innovative, Efficient and Cost-Effective Practices</p> | <p>1. Projects on-time, on-budget, on-scope</p> <p>2. High quality work delivered efficiently</p> <p>3. Diverse, talented, well trained, guided and motivated workforce</p> <p>4. Timely and accurate information provided to support management decisions</p> |

BUDGET HIGHLIGHTS

Highway Division Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
Maintenance	\$282,729,134	\$305,431,756	\$299,114,039
Construction:			
STIP:			
Preservation	\$274,532,713	\$302,853,659	\$231,195,773
Bridge	143,313,181	402,542,330	533,585,745
Modernization	163,622,956	238,817,763	453,831,831
Highway Safety	51,591,077	44,113,500	54,473,792
Highway Operations	49,411,635	29,869,516	45,637,976
STIP subtotal	\$682,471,562	\$1,018,196,768	\$1,318,725,117
Local Government Program	\$149,066,069	\$497,893,686	\$214,899,208
Special Programs	152,725,559	162,197,488	175,265,289
Utility ROW Permits	1,606,516	1,953,396	4,518,231
Total	\$1,268,598,840	\$1,985,673,094	\$2,012,521,884

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Expenditures by Major Revenue Source:

Federal (Other)	\$ 578,997,272	\$ 644,838,367	492,356,866
State	431,056,471	964,985,137	725,346,719
Revenue Bonds	226,190,078	321,959,221	701,532,827
Local Match	32,355,019	53,890,369	93,285,472
Total	\$1,268,598,840	\$1,985,673,094	2,012,521,884

Positions	2,637	2,565	2,728
Full-Time Equivalent (FTE)	2,538.22	2,503.32	2,674.75

Summary of Changes

The Highway Division growth (from 2001–2003 actuals through 2005–2007 Legislatively Adopted Budget) is related to increases in the construction program, specifically increases in contractor and consultant payments for the design and construction of projects funded with OTIA bond proceeds.

There is a small increase of \$26.8 million between the 2003–2005 actuals and the 2005–2007 Legislatively Adopted Budget, a result of a \$300 million one-time payment to local governments for their share of OTIA III bond proceeds during the 2003–2005 biennium. Setting aside this one-time payment, the anticipated increase for the entire division is \$326.8 million. For the OTIA program, the anticipated contractor payments including construction engineering are estimated at \$350 million for the 2005–2007 biennium, design and right-of-way purchases account for the balance. The total contractor payments including construction engineering are estimated at \$1.1 billion for the 2005–2007 biennium.

Driver and Motor Vehicle Services Division

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— DRIVER and MOTOR VEHICLE SERVICES DIVISION —

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 ensure titles are correctly transferred and security interest holders are promptly paid or recorded. DMV licenses vehicle dealers, wreckers, vehicle appraisers, transporters,



DMV licenses and regulates vehicle-related businesses.

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driving instructors and 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

DMV is organized to deliver driver and vehicle services through four Service Groups:

- Program Services
- Field Services
- Processing Services
- Customer Services

Program Services

This group coordinates major changes to DMV programs and operations resulting from federal/state laws, policy direction, business process improvements, and computer system initiatives. The group also develops and implements policies, procedures, and administrative rules for DMV's driver, vehicle, and business licensing services. Employees analyze the policy and fiscal impacts of proposed legislation and other changes, and evaluate the effectiveness of DMV programs. They design and publish forms and manuals, ensure adequate supplies of license plates and stickers, and manage service contracts. This group interprets business needs and priorities, leads strategic and tactical information technology (IT) planning, coordinates DMV involvement in IT projects and other major system changes, and ensures computer systems meet business needs through testing and monitoring. The Business Regulation section licenses and inspects vehicle dealers, investigates consumer concerns throughout Oregon, and supports the Oregon Dealer Advisory Committee.

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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 administer driver knowledge, skill and vision tests; issue photo driver licenses and identification cards; reinstate driving privileges; 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. Starting January 31, 2005, Field Services will implement the requirements of the USA Patriot Act by collecting fingerprints for criminal background checks of commercial drivers endorsed to haul hazardous materials. The Transportation Safety Agency is responsible for conducting the background check and providing clearance to the states to issue or renew hazardous material endorsements to commercial driver licenses.

Field offices also do work for other ODOT divisions and other agencies:

- Issue motor carrier credentials;
- Issue truck oversize/weight permits;
- Sell Sno-Park permits;
- Issue identification cards for other agency personnel;
- Test applicants for licensing boards;
- Register voters; and
- Verify that vehicles have passed Department of Environmental Quality tests.

Processing Services

This group processes all mail-in business for driver licenses, titles, and registrations, and processes all of the business accepted at local offices around the state. Employees process financial transactions for customers; issue titles, plates, and stickers; renew driver licenses; enter data into DMV's computer systems, and prepare paperwork for microfilming. DMV produces about 1.2 million titles and issues almost 2 million registrations every year. Employees record traffic violations, convictions, and other driving record information; process accident reports, suspensions, and license reinstatements; manage driver improvement activities and medically at risk driver case reviews; and issue hardship permits to suspended drivers. Employees work by mail,

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telephone, and in-person to help customers who have lost or could lose their driving privileges.

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. The call centers answer all calls directed at DMV field offices as well as general information calls directed to DMV headquarters. Employees answer questions, schedule drive tests statewide, and help callers conduct business with DMV. One call center employs 44 inmates at the Oregon Coffee Creek Correctional Facility. The second call center is staffed by DMV employees at the Salem headquarters building. Customer Services also provides DMV driver and vehicle records requested by public and private entities. This group administers programs designed to ensure the security of personal information held by DMV. Law enforcement agencies access about 51,000 records each day on the DMV database, and businesses and individuals make about 4 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. The majority of the hearings are regarding license suspensions under Oregon's implied consent laws for driving while intoxicated.

Division Administrator's Office

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

2005–2007 INITIATIVES

Driver Safety

Beginning May 31, 2005 Oregon DMV will not renew a hazardous materials endorsement with a commercial driver license (CDL) renewal without prior completion of a background check. Under USA Patriot Act regulations, all CDL holders must submit fingerprints to obtain security clearance from the U.S. Transportation Security Administration before issuance or renewal of a commercial driver license that includes a hazmat endorsement. The background check will be conducted by a private contractor, Integrated Biometric Technologies (IBT), approved by the federal Transportation Safety Administration. IBT will gather information from the applicant, collect the background check fees and fingerprints.

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Fraud Prevention

As a result of the escalation in identity theft crimes and the 2001 terrorist attacks, DMVs nation wide experienced increased scrutiny regarding license issuing practices. Oregon DMV reviewed its procedures for assuring identity and residency and made improvements. The division also implemented a new digital photo license with enhanced security features. DMV will continue to examine its processes to reduce the incidence of fraud regarding ownership or condition of vehicles while minimizing delays in the issuance process.

By mid to late 2007, DMV will use biometric facial recognition technology to compare the facial images of applicants for driver licenses and ID cards against images already on file. This check will prevent people from obtaining a license or ID card in more than one name or in someone else's name. The 2005 Oregon Legislature approved this change under Senate Bill 640. This process will require DMV to issue a temporary license or ID card and to mail the final version to the customer after completing the facial recognition check.

In addition, DMV will initiate work to comply with the REAL ID Act, a major federal Homeland Security mandate. Passed by Congress in May 2005 as part of a defense appropriations bill, the REAL ID Act will require all states to have uniform issuance processes for nationally standardized driver licenses and ID cards. States must be in compliance with the provisions of the Real ID Act by May 2008. Residents of states that fail to meet the requirements will not be able to use driver's licenses as IDs for activities such as boarding airplanes or entering federal courthouses.

Although several provisions of the Act need federal rules for clarification, some of the requirements include: The Act requires DMV to be connected to multiple national databases in order to ensure the accuracy of birth certificates, Social Security cards and other documents submitted by license applicants. The Act also requires DMV to retain copies of these documents for at least seven years as well as employ technology to capture digital images of identity source documents so that the images can be retained in electronic storage in a transferable format. States will have to network their records systems in order to share driving histories, track duplicate or fraudulent applications and ensure that licenses expire when legal immigration status expires. Real ID also demands that all driver's licenses or ID cards have pictures that can be read by facial-recognition technology.

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From coordination with existing legislation to storage to overhaul of information technology systems to customer service issues, the logistical, technological and financial demands of compliance to the REAL ID Act will have significant impact on DMV.

Efficiency and Productivity

To counteract the effect of staff reductions on service-level goals, DMV will continue to examine ways 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, and includes geographic differences, economic diversity, and different population densities. DMV has and will continue to invest in ways to transact business with non-English speaking customers by providing tests, manuals, brochures and other information in several languages, and recruiting bilingual or multilingual staff. Complying with increasing federal mandates on commercial driver licensing coupled with the growing complexity of both driver and vehicle transactions continue to strain DMV's ability to increase productivity because complexity increases the amount of time necessary to conduct transactions.

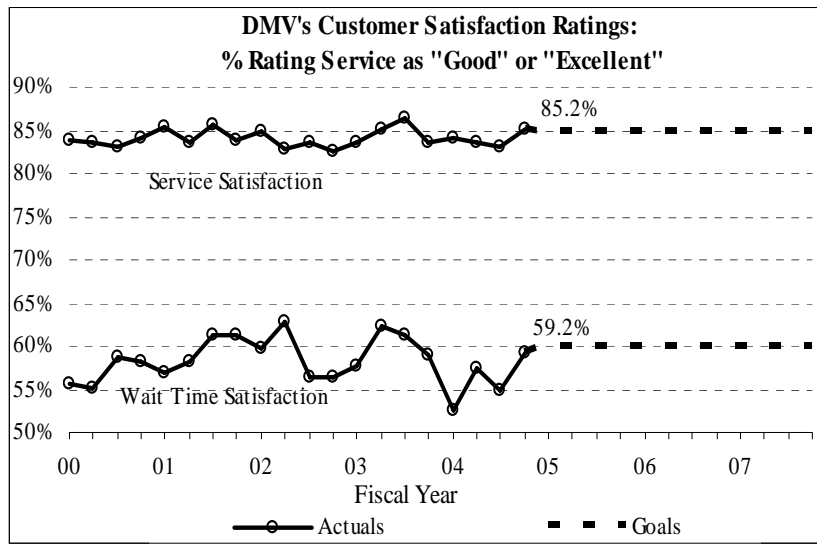
DMV from Home

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 2003–2005 biennium, DMV implemented a project to allow citizens to renew and pay for vehicle registration renewals over the Internet. Additional services were also added during this period, including change of address and notice of vehicle sales. During 2003–2005, DMV also implemented a privatization initiative with vehicle dealers allows them to input vehicle registration and title transactions into the DMV database, collect the fees, and issue the plates and registration stickers at the time of sale. Ninety-eight vehicle dealerships currently participate in this program. Each averages 35 transactions per month using this automated system. The division will continue to enhance use of Internet technology to streamline internal operations and improve customer access to DMV information.

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PERFORMANCE MEASURES

Customer Satisfaction

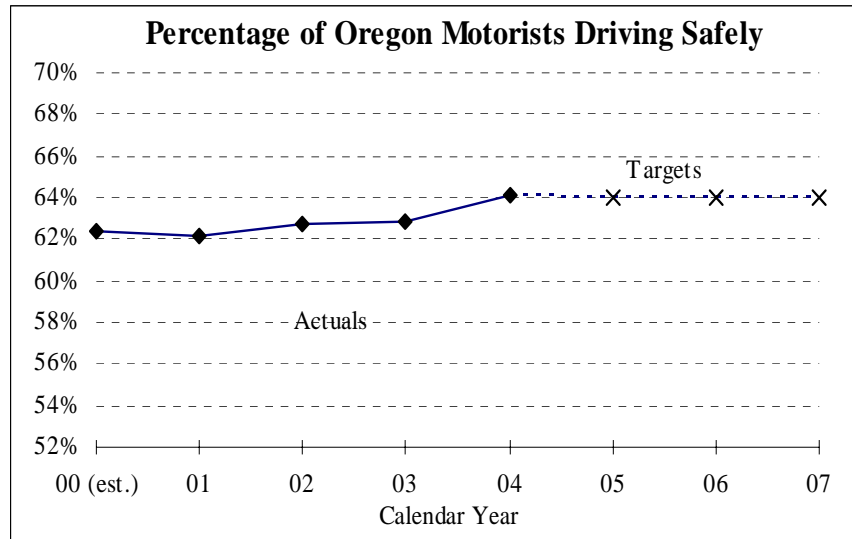


Ratings of employee helpfulness, courtesy, knowledge, efficiency and wait times.

- DMV 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 field offices that month.
- DMV has set the goal of 85% customers rating DMV employee courtesy, knowledge, helpfulness and efficiency 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% of customers rating DMV wait time as good or excellent. This goal is less than the goal for DMV service delivery due to the lower tolerance the public has for waiting.

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Driver Safety

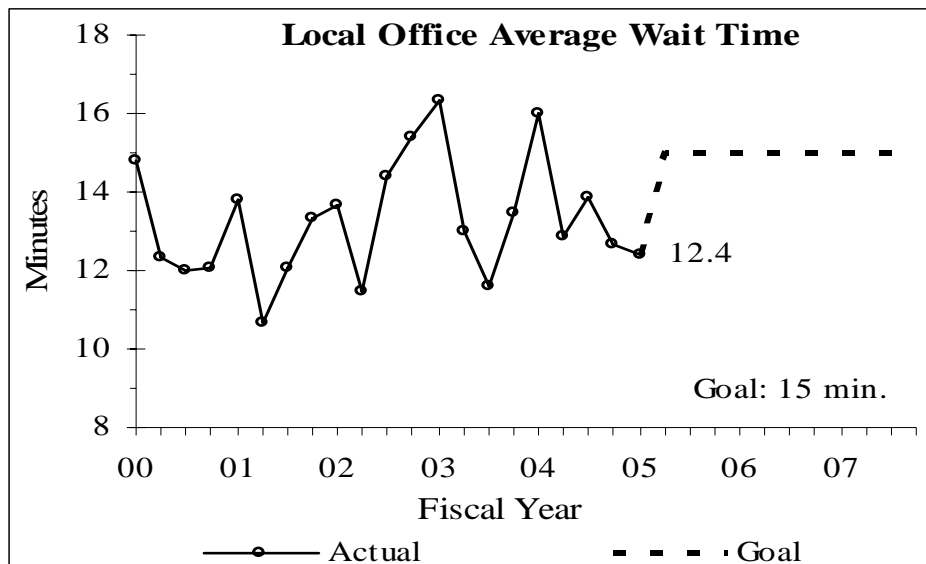


- DMV measures activities that improve driver safety. DMV has established a profile of a safe driver and will track the percentage of drivers that fall into this category.
- The safe driver measure reports the percentage of the state's motorists who are driving safely over a three-year period of time.
- 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 previous three years.
- Additionally, the measure ties to Oregon Benchmark #45 (Premature Death) in that persons who are driving safely are less likely to become traffic fatalities.
- 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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Customer Service

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



Local Office Wait Time

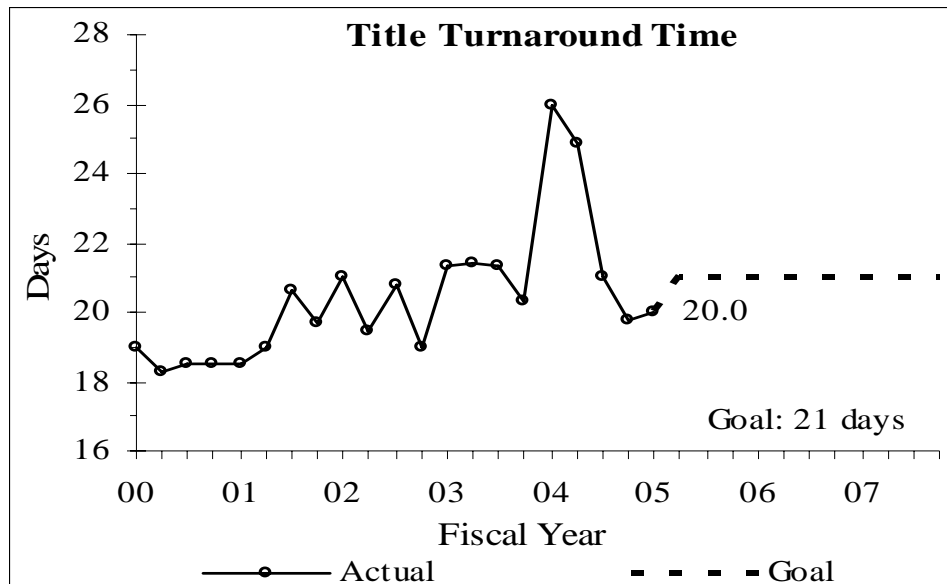
Goal = 15 minutes

Data = Average of 25 offices statewide on how long a customer must wait in a field office before being served.

Trends = Follows DMV workload patterns of higher volume of transactions during summer months.

Relationship to program = important tool directly related to customer satisfaction with DMV.

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Title Turnaround Time

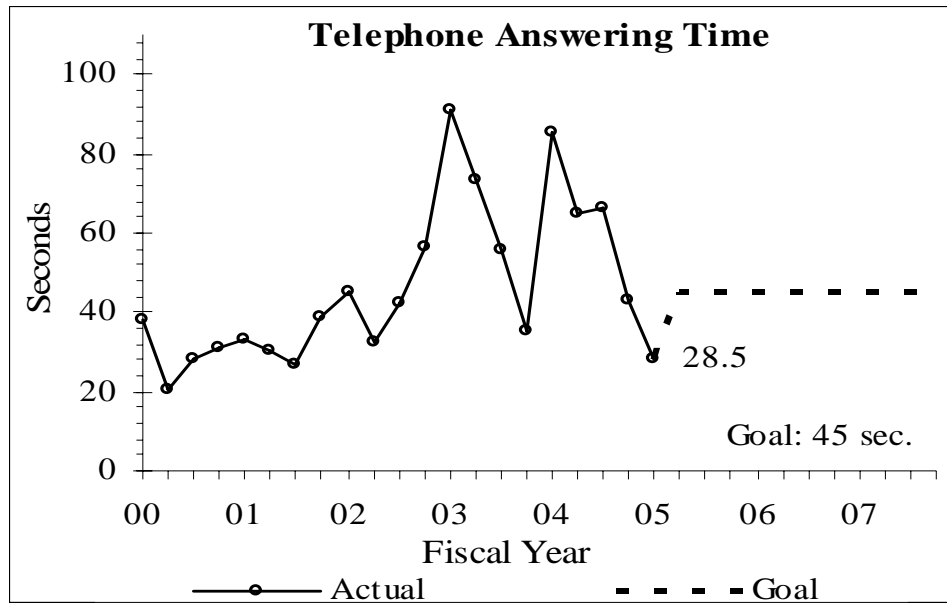
Goal = 21 Days

Data = Average amount of time it takes DMV to process a title from the time it is received until it is mailed out.

Trends = Fluctuation caused by staffing vacancies and work volumes.

Relationship to program = important tool directly related to customer satisfaction with DMV.

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Telephone Answering Time

Goal = 45 Seconds.

Data = Average time customers are on hold before being served.

Trends = Fluctuation caused by staffing vacancies and work volumes.

Relationship to program = important tool directly related to customer satisfaction with DMV.

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BUDGET HIGHLIGHTS

Driver and Motor Vehicle Services Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
Program Services	\$19,767,981	\$20,424,271	\$25,964,921
Field Services	51,290,030	53,369,340	53,925,429
Processing Services	20,401,634	21,541,371	23,167,861
Customer Services & Hearings	24,582,443	25,141,450	26,206,483
Administrator's Office	905,159	683,367	610,264
Total	\$116,947,247	\$121,159,799	\$129,874,958
Expenditures by Category:			
Personal Services	\$76,859,799	\$79,327,577	\$86,907,001
Services & Supplies	39,287,035	41,421,236	42,391,150
Capital Outlay	734,552	345,970	127,150
Special Payments	0	0	449,657
Debt Service	65,861	65,016	0
Total	\$116,947,247	\$121,159,799	\$129,874,958
Positions	904	863	862
Full-Time Equivalent (FTE)	857.60	825.13	826.88

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Summary of Changes

After two biennia without budget increases and with reductions in positions and FTE, the 2005–2007 budget will allow DMV to enhance customer service. The increase in personal services is due to additional funds for temporary employees that will allow DMV greater flexibility in meeting customer service demands.

DMV received funding of in the amount of \$245,934 for the 2005–07 biennia to electronically verify the validity of Social Security numbers received from applicants for driver licenses. DMV will use these funds to establish computer systems that will enable the verification of Social Security numbers.

DMV will begin work on legislation passed by the 2005 Legislature requiring DMV to collect biometric data from people applying or renewing driver licenses, permits or identification cards. The limitation was increased by \$298,000 to begin work on these initiatives.

Motor Carrier Transportation Division

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MOTOR CARRIER TRANSPORTATION DIVISION

MCTD helps truckers comply with Oregon laws and rules governing truck size and weight, safety, registration, and highway-use tax, as well as economic regulation. The division's mission is to promote a safe, efficient, and responsible commercial transportation industry by simplifying compliance, reducing regulatory requirements wherever appropriate, preserving the infrastructure, enhancing the private/public partnership, fostering effective two-way communication, and delivering superior customer service while recognizing the vital economic interests of the commercial transportation industry. The division maintains an extensive Web site—www.oregon.gov/ODOT/MCT—with news and information about trucking in Oregon.

MCTD PROGRAMS

Salem Motor Carrier Services

- Commercial Vehicle Registration
- Over-Dimension Permits
- Highway-Use Tax Collection
- Economic Regulation

Investigations, Safety, Federal Program

- Commercial Vehicle and Driver Safety Enforcement
- Green Light Weigh Station Preclearance

Field Carrier Services

- Truck Size and Weight Enforcement
- Field Registration Services

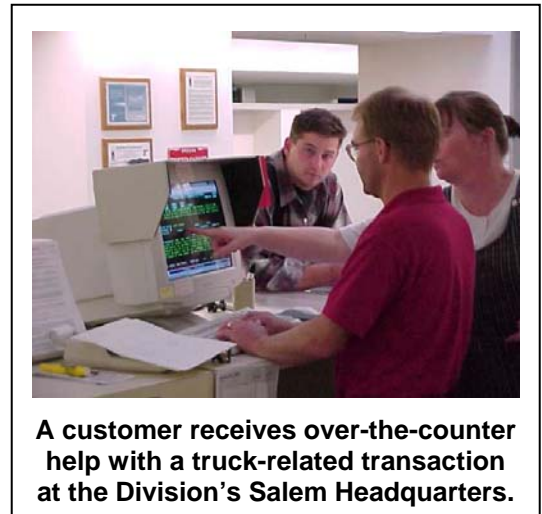
Motor Carrier Audit

- Oregon Weight-Mile Tax Audit
 - International Registration Plan (IRP)
 - International Fuel Tax Agreement (IFTA)
-

SALEM MOTOR CARRIER SERVICES

Commercial Vehicle Registration

MCTD regulates a diverse trucking industry that ranges from one-truck owner-operators to companies with large fleets that operate nationwide and in Canada. In 2004, MCTD maintained accounts for approximately 25,000 trucking companies with 300,000 trucks registered to operate in Oregon. This includes 9,000 Oregon companies with 45,000 trucks that display a red ODOT license plate. The plate identifies a motor carrier's weight-mile tax account number. Trucks that operate in-state get a Commercial plate and trucks that travel outside the state get an Apportioned plate. Trucks operated by carriers based in other states and provinces, most of which participate in a program called the International Registration Plan, are identified by the license plates issued by each carrier's home state or province.



MCTD offers over-the-counter registration service from 8 to 5 on weekdays at the Salem headquarters, at a Portland office at Jantzen Beach, and at three Ports of Entry located near Ashland, Farewell Bend, and Umatilla. Ports of Entry are the first major weigh station encountered by trucks entering the state. The division also operates a Credentials Service Center in Salem at which staff is always available by phone.



An increasing amount of business is now done via the Internet. In 2005 more than 7,000 companies were using a home or office computer to access the division's Trucking Online service. In the past three years they completed well over 400,000 transactions or record inquiries that formerly required a phone call, fax, mail delivery, or field office visit.

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Over-Dimension Permits

Staff issues single-trip and continuous operation (annual) variance permits for oversize, overweight, or unusual truckloads. MCTD maintains road and bridge restriction information and gives truckers safe routing instructions for their trips. Permits are available at the Salem headquarters, the Jantzen Beach Portland office, three Ports of Entry, and at many DMV and Highway Division offices around the state. Permits authorize travel on state and federal highways. They can also cover county roads, with county approval, but many counties issue their own permits. In 2004, MCTD processed 114,181 single-trip permits and 26,355 continuous operation permits.

MCTD manages the work of five third-party agents that processed 121,814 continuous operation permits in 2004. This includes 116,014 permits issued through a statewide one-stop shopping system that allows truckers 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 truckers get permits good for travel in 10 Western states.

Highway-Use Tax Collection

MCTD processes mileage reports and collects highway-use taxes and fees from truckers. In 2004, the division collected approximately \$235 million in weight-mile taxes. Trucks weighing more than 26,000 pounds pay this tax. Trucks carrying non-divisible loads that weigh more than 98,000 pounds pay a road use assessment fee. These graduated taxes and fees depend on a truck's weight and the miles traveled on public roads. All taxes and fees, minus administrative costs, go to the Oregon Highway Fund to build and maintain state and local roads and roadside rest areas.

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. MCTD monitors this small part of the transportation industry to make sure Oregonians have good, stable service at fair prices. As a result of legislation passed in 2003, businesses offering to pack and load household goods must register and file proof of insurance that covers property while it's loaded or unloaded. In 2005, about 35 pack and load businesses registered to provide this service in Oregon.

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Motor Carrier Services Summary

In summary, the Motor Carrier Transportation Division:

- Annually issues or renews more than 50,000 truck license plates to Oregon motor carriers each year;
- Issues more than 143,000 temporary passes and trip permits each year;
- Ensures truckers pay registration fees, file road-use tax reports, and pay taxes on time, collecting about \$235 million in weight-mile taxes and \$21 million in Oregon truck registration fees each year;
- Helps more than 4,000 Oregon-based interstate carriers operate in other states and Canada under the International Registration Plan and International Fuel Tax Agreement, annually collecting about \$38 million in registration fees and \$13.5 million in fuel taxes owed to other jurisdictions; and
- Ensures truckers file proof of liability insurance and, when necessary, cargo insurance and ensures certain ones file a security bond for payments and fees.

INVESTIGATIONS, SAFETY, AND FEDERAL PROGRAMS

Commercial Vehicle Safety

Highway safety is MCTD's top priority. The division helps truckers comply with state and federal safety rules that cover the mechanical condition of trucks, driver qualifications and fitness, cargo securement, and the proper shipping of hazardous material. Division safety specialists inspect trucks at weigh stations and along roadsides. They also conduct comprehensive audits of companies at their offices to check safety programs and make sure they follow rules. The division is responsible for training and certifying all enforcement officers who perform truck, driver, and hazardous cargo safety inspections in Oregon. Staff provides assistance to police with accident investigations.

MCTD manages the Motor Carrier Safety Assistance Program (MCSAP), through which Oregon annually receives approximately \$2.2 million in federal funds for safety inspections and traffic enforcement. The division coordinates the work of Oregon State Police, which receives \$1.6 million of the funds each year, as well as city police, county sheriffs, and county weighmasters who work under non-compensated agreements. Trucks and drivers were inspected at a rate of one every 10 minutes in 2004, with

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division staff inspecting 32,003 and MCSAP partners inspecting 22,379. All safety enforcement efforts are focused on the objective of reducing truck accidents, particularly truck-at-fault accidents.

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 22 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 2004, trucks were weighed, electronically screened, and signaled to keep going past the stations a total of 1,205,300 times. If bypassing a weigh station at highway speed saves five minutes, Green Light saved truckers 100,442 hours of travel time and millions of dollars in truck operating costs that year.



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

FIELD CARRIER SERVICES

Size and Weight Enforcement

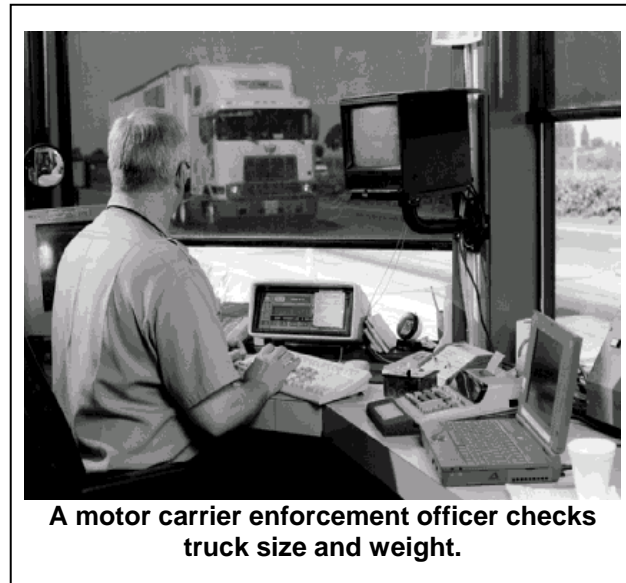
Motor Carrier Enforcement Officers are based in six districts statewide. They work at 81 fixed weigh stations (roadside location with static scales for weighing trucks), six Ports of Entry, and dozens of portable scale sites to check trucks and protect Oregon highways and bridges from damage by oversize and overweight trucks. Weigh stations are staffed by enforcement officers who ensure that trucks operate within a state's prescribed size and weight limits, as well in compliance with safety regulations governing trucks and drivers. In 2004, the officers weighed 2,476,009 trucks on static scales. They also sorted and sent on their way hundreds of thousands of empty trucks

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that didn't need to be weighed. This is all in addition to the 1.2 million trucks that were weighed in-motion and electronically checked at highway speed by Green Light preclearance systems.

The officers have authority to write criminal and traffic citations. While they mainly check truck size and weight, they also perform truck and driver safety inspections. In a total of 19,484 inspections in 2004, the officers found 5,956 trucks and 1,662 drivers had a critical safety violation that required they be placed out of service until the problem could be repaired or resolved.

Motor Carrier Transportation Division's outcome-based performance measures include tracking the number of trucks weighed and identified while crossing permanent scales or 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 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 weighed on permanent scales is likely to be overweight.



The officers have authority to write criminal and traffic citations. In 2004, they issued 15,353 citations for truck weight violations, 1,366 citations for size violations, and 11,104 citations for safety and other credentials-related violations. They also issued 23,436 warnings for less-than-critical violations and required 4,707 vehicles to legalize (correct a problem) before proceeding.

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Field Registration Services

In addition to a 24/7 Credentials Service Center in Salem, Motor Carrier Transportation Division offers registration and permitting service weekdays from 8 a.m. to 5 p.m. at four offices. The offices are in Portland at the I-5 Bridge at Jantzen Beach on the Washington border, and at the ports of entry in Ashland, Farewell Bend, and Umatilla. In December 2004, an office at the Klamath Falls port of entry was closed because of a minimal need for over-the-counter service there. Four staff positions were transferred to Salem to address heavy call volumes at the 24/7 Service Center.



Motor carriers need registration service at certain 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 2004, staff at offices issued 37,952 temporary passes and collected \$1.76 million in weight-mile taxes.

MOTOR CARRIER AUDIT

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

In 2004, auditors completed 817 weight-mile tax audits and identified \$5,139,665 in unreported taxes and fees. They also completed 163 IRP audits and 171 IFTA audits. There is much more program activity, however, because for every one account that is

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assigned to an audit, hundreds more are screened and cleared by staff. Auditors screen about 13,000 accounts each year, roughly half of all accounts, to determine which warrant close scrutiny.

Administrator's Office

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

ISSUES / TRENDS

MCTD services are driven by the demands of a trucking industry that is itself under pressure to meet shipper demands.

- The division must meet the industry's need for fast, just-in-time registration and permit services, while keeping staff and administrative costs to a minimum. To streamline the way it conducts business, the division created its Trucking Online Internet-based applications so that permit processing, road-use tax reporting, and other services can be as close as the nearest computer. But a large percentage of truckers still want to do business by phone, mail, or in person. Thus, the division must offer services in both the conventional person-to-person ways it always has as well as by computer. Furthermore, the division has added a new workload as staff now takes an increasing number of calls from customers who are using Trucking Online but are experiencing personal computer problems. This means the division may be slow to realize the hoped-for efficiencies that could lead to a reduction in FTE needed to deliver services.
- The division must judiciously deploy its safety specialists and leverage federal funds to rally the help of state law enforcement officers to monitor and influence highway safety. As a result of a 2003 budget note, the division annually allocates \$1.6 million of federal Motor Carrier Safety Assistance Program funds to the Oregon State Police. Truck safety enforcement work by State Police can have the greatest positive impact on commercial vehicle safety if it focuses on traffic on Oregon's major freight routes and the Truck Safety Corridors where most truck-at-fault accidents happen.

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- The division must stay current on truck size and weight issues and be ready to conduct highway safety tests of truck/trailer combinations in order to balance the highway access demands of an expanding industry with the livability concerns of Oregon communities.
- Motor carrier enforcement officers are challenged to safeguard a long list of weight-restricted bridges around the state, while still performing all other duties. Budget adjustments over the past 16 years have resulted in a 32 percent reduction in staff, from 142 FTE in 1990 to 97 FTE today.
- As more bridges become weight-restricted in Oregon, MCTD's core mission is affected. Over-dimension permitting staff needs more time to process trip permits as they send trucks on detours around bridges. Enforcement officers spend more time monitoring traffic at bridges and less time at their normal weigh station duty posts weighing trucks and inspecting trucks and drivers for safety violations. As weigh station operations change and fewer scale crossing records are available for use by weight-mile tax auditors and safety inspectors, there is an effect on the amount of highway-use taxes recovered and the enforcement of driver hours-of-service regulation.

PERFORMANCE MEASURES

The work of the MCTD contributes directly to each of the department'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 focuses on three key performance measures. The measures were established because they track outcomes, not merely inputs or outputs, they're broadly representative of the division's primary goals and tasks, and it's been statistically confirmed that they have an impact on high-level outcomes and division goals.

The first measure tracks truck-at-fault accidents and drivers placed out-of-service for critical safety violations. It is linked to the department's safety goal of reducing large truck accidents (Performance Measure 730-06). Reducing accidents continues to be one of Oregon's greatest challenges, especially considering recent increases in vehicle miles traveled. The department measure tracks the number of truck-at-fault accidents each year, but it does not take into account the number of truck miles traveled. For example, in 2000 trucks traveled 1.591 billion miles in Oregon and there were 584 truck-at-fault accidents—0.367 per million miles. In 2004, trucks traveled 1.801 billion miles and there were 625 truck-at-fault accidents—0.347 per million miles.

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The second and third MCTD measures track trucks weighed on static 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're linked to maintaining pavement and bridge conditions.

In establishing key outcome measures, MCTD learned four lessons that are now recognized as "best practices" in performance measurement: (1) Use statistical regression to test cause and effect assumptions and ensure you're doing and measuring the right things, (2) Identify a few outcome measures that capture your agency's primary tasks and goals, (3) Use performance measures to target resources wisely, and (4) Keep ownership and direction of performance measurement issues at the top of the organization.

MCTD also periodically conducts surveys to gauge customer satisfaction. A 2004 survey found customers are generally happy with staff and service: 34 percent strongly approve of things, 49 percent approve, 3 percent disapprove, and only 1 percent strongly disapproves (13 percent offered no opinion).

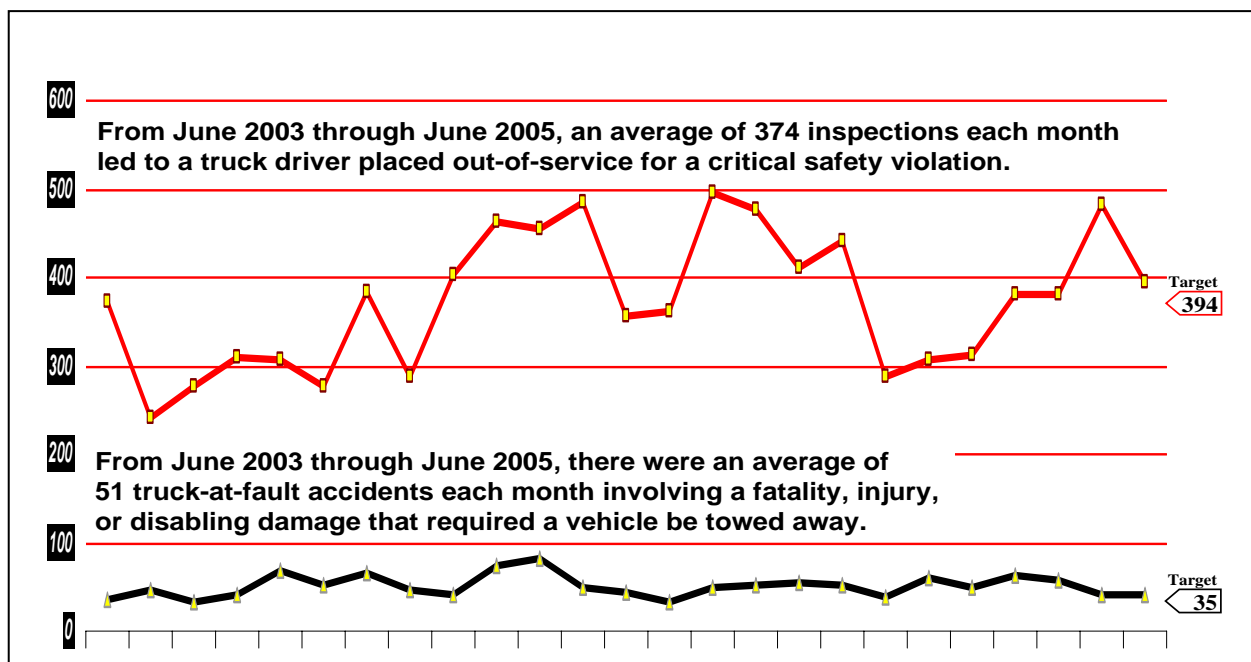
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Measure #1—Safety

Truck drivers cause most truck-at-fault accidents. Finding unsafe drivers and taking them off the road prevents accidents.

There were a total of 1,162 accidents involving trucks in Oregon in 2004. Of the 625 that were considered truck-at-fault accidents, truck drivers were blamed for causing 600 of them. That includes 23 accidents in which both the truck and car drivers shared the blame. Thus, as in previous years, about half of all truck accidents were truck-driver-at-fault accidents. Only 25 accidents were attributed to a mechanical problem with a commercial vehicle, so checking the behavior and fitness of truck drivers continues to be the most effective way to reduce accidents.

Drivers with critical safety violations and truck-at-fault accidents

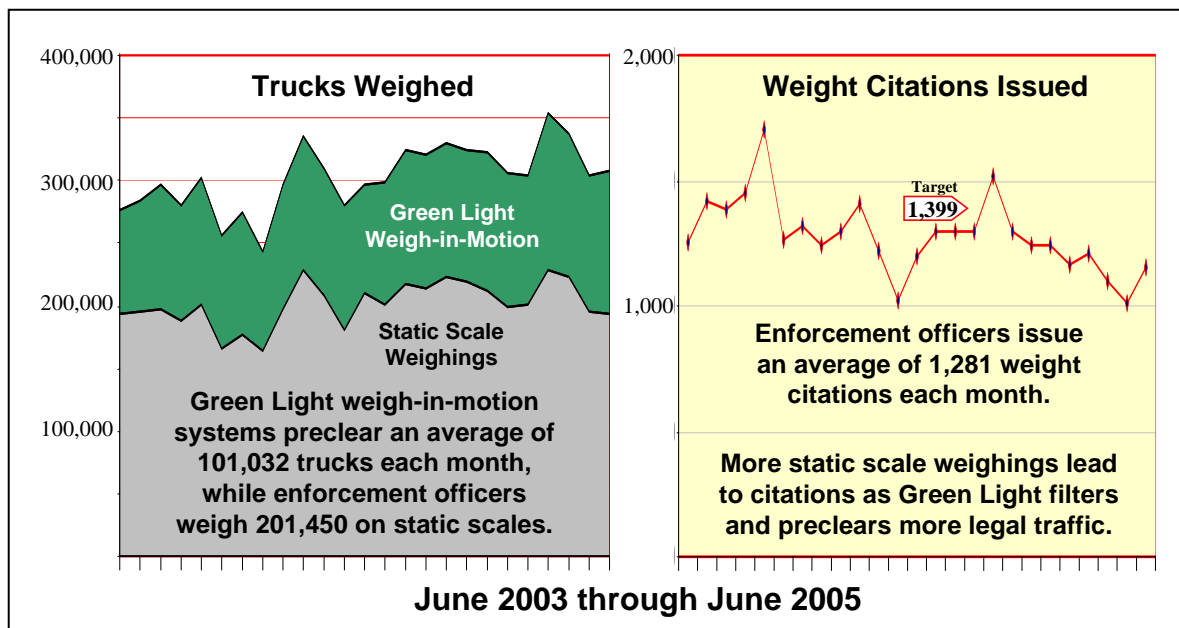


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Measure #2—Truck Size and Weight Enforcement

Enforcement officers can check more trucks and issue more weight citations because Green Light preclears the safe and legal ones.

The Green Light weigh station preclearance system makes Oregon's busiest weigh stations more efficient without physically expanding them. In 2004, while more than 1.2 million trucks were precleared to pass Green Light sites, those 22 stations continued conventional, static scale weighing operations that checked the size and weight of more than 2.4 million trucks. Thus, Green Light contributed to an approximate 48% increase in weigh station productivity and allowed enforcement officers to focus on other trucks that might be overweight.

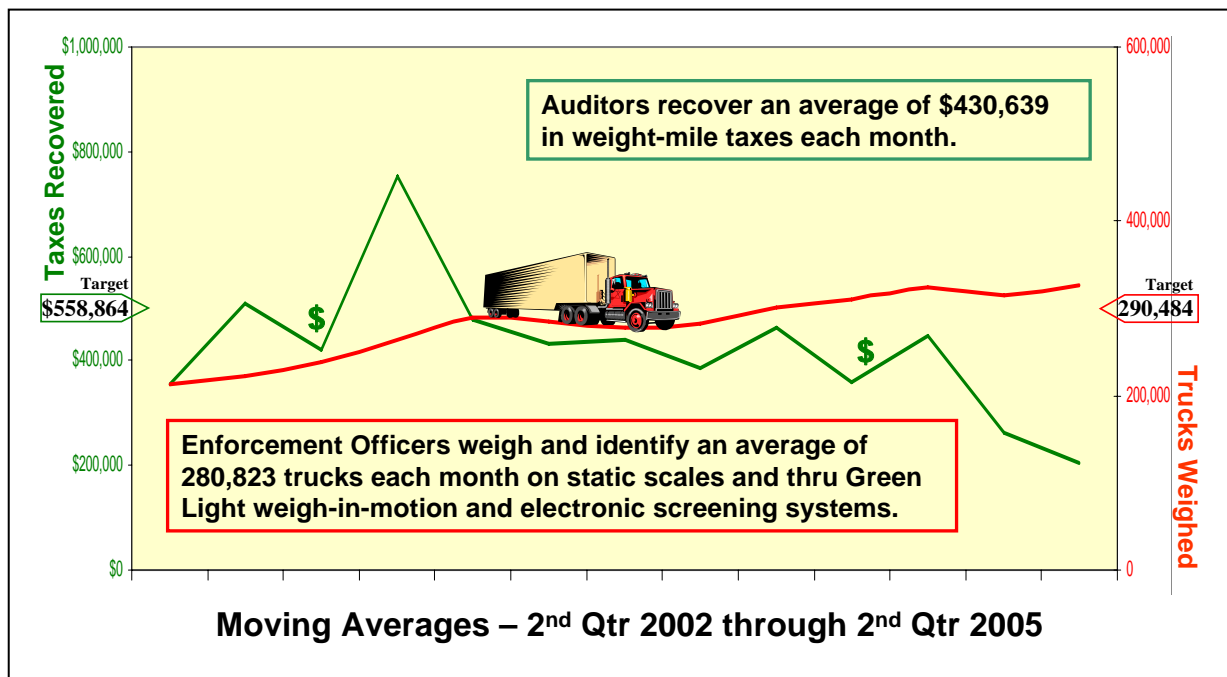


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Measure #3—Weight-Mile Tax Collection

Weigh station records are critical to weight-mile tax auditors who rely on three years of records to help recover unpaid taxes.

Motor carriers are subject to a weight-mile tax audit every three years. Auditors routinely use old weigh station records to verify weight-mile tax reports. In 2004, while carriers paid more than \$235 million in weight-mile taxes and \$21 million in truck registration fees, weight-mile tax auditors recovered \$5.1 million in unreported taxes and fees.



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BUDGET HIGHLIGHTS

Motor Carrier Transportation Division Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
Field Carrier Services	\$16,892,831	\$16,622,417	\$17,926,340
Salem Motor Carrier Services	11,745,524	12,324,555	11,111,894
Investigations, Safety, & Federal	8,972,626	10,138,548	10,651,686
Motor Carrier Audit Program	6,342,360	6,560,267	7,676,163
Administrator's Office	2,045,816	2,039,684	2,932,009
Total	\$45,999,157	\$47,685,471	\$50,298,092
Expenditures by Major Revenue Source:			
State (Highway Fund)	\$41,541,960	\$43,075,011	\$45,834,160
Federal Funds (MCSAP)	4,457,197	4,610,460	4,463,932
General Fund	-	-	-
Total	\$45,999,157	\$47,685,471	\$50,298,092
Expenditures by Category:			
Personal Services	\$34,158,230	\$33,838,207	\$36,353,452
Services & Supplies	11,266,517	13,147,205	10,305,901
Capital Outlay	533,312	582,230	361,939
Special Payments *	41,098	117,829	3,276,800
Total	\$45,999,157	\$47,685,471	\$50,298,092
Positions	338	320	319
Full-Time Equivalent (FTE)	338.00	320.00	319.00

DAS Budget and Management Division requires payments to other state agencies for services be budgeted as Special Payments but the State Controller's Division requires the payment to be recorded as Services & Supplies, which is why the 2005–2007 budget for Special Payments is so much larger than the actual expenditures for the prior two biennia.

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Summary of Changes

The 2005–2007 growth reflects cost increases from lifting the salary and steps freeze and the settlement of the labor contracts. While there are regulatory changes pending from the newly-enacted federal motor carrier regulations in SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users), those impacts have not been factored into the budget and there were no significant changes in regulations or the division mission during the past biennium.

Transportation Safety Division

TRANSPORTATION SAFETY DIVISION

The Transportation Safety Division 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, non-profit groups, and citizens. The division promotes transportation safety through education, enforcement, emergency/medical services, and engineering. TSD's mission is to save lives and reduce costs due to crashes and injuries on Oregon roads.

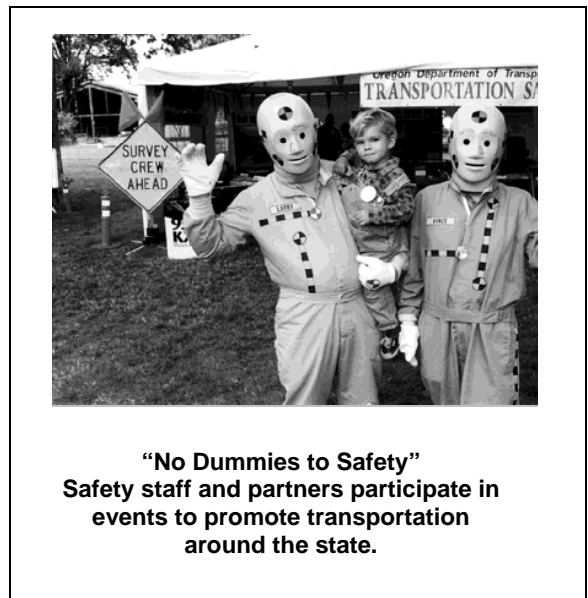
TRANSPORTATION SAFETY DIVISION PROGRAMS

Statewide Operations

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

Field Programs

In this program, the staff provides 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. Some examples of these grants are: DUII Intensive Supervision Program, Willowa County Safe Communities Project, Portland Safe Community Project, Driver Education, Motorcycle Training and the Child Safety Seat Resource Center.



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The past five 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 five-year period between 1958–1962, yet it is still possible to further reduce that number. 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 2003. Through strong partnerships and focused work, Oregon's safety profile 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 invested in highway safety.

ISSUES / TRENDS

Traffic safety is a major issue of national, state, and local concern. Drugged and drunk driving, safety belt use, speeding, motorcycle and bicycle helmets, vehicle standards, driver education, and traffic enforcement all have become social issues. Traffic crashes boost insurance, medical, court, corrections, welfare, and business costs. Everyone pays the price of traffic crashes – as individuals and as a society.

Traffic safety will continue to be important to citizens, corporations, and government agencies into the future. Speeding, drugs and alcohol will continue to play a large role in traffic crashes, deaths, and injuries.

Work is coordinated with partner agencies, three governor-appointed safety committees, 50 local traffic safety committees, and various volunteer/community organizations. Services, grants and contracts are delivered directly to the public and other governmental units. The availability of services through public agencies is not always available for the purpose or at the time necessary for public safety. With a heavy reliance of citizen involvement for the Oregon highway safety program, steady staff or volunteer turnover can cause delays in long-term projects or initiatives.

PERFORMANCE MEASURES

Fatalities/100 Million Miles Driven

1985 = 2.56 percent
2002 = 1.26 percent (Second lowest rate ever)
2003 = 1.46 percent (Below the average for the United States)
2004 = 1.31 percent (Estimate – Would be the new second lowest rate ever)
2010 Goal = 0.99 percent

Measure-Related Highlights

- The fatality rate has fluctuated from year to year, but the overall trend is improving toward the targets.
- The Adopted Budget provides funding to continue efforts to improve safety consistent with targets.
- The goal to reduce fatalities on state highways is affected by many ODOT programs and areas such as regulatory activities by DMV and Motor Carriers, safety features and design for highway projects, safety improvement focused highway projects, and numerous activities and programs managed by ODOT Transportation Safety Division.
- Speeding, or driving too fast for conditions, has surpassed drinking and driving as the number one fatal driver error in Oregon.
- The 2003 Oregon fatality rate of 1.31 per hundred million vehicle miles traveled is well below the national average of 1.48.
- The target fatality rate for 2010 is .99 per hundred million vehicle miles.

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Injury Rates/100 Million Miles Driven

1989 = 143.88 percent

2002 = 80.37 percent

2003 = 73.85 percent

2004 = 78.63 percent (Estimate – Would be the lowest rate ever)

2005 Goal = 72.00 percent

Measure-Related Highlights

- The 2003 Oregon rate of 74 injuries per hundred million vehicle miles traveled shows success as it is slightly below the 2004 target of 76 injuries per hundred million vehicle miles traveled and significantly below the national average of 100 injuries per hundred million vehicle miles traveled.
- The Adopted Budget provides funding to continue efforts to improve safety consistent with targets.
- Programs directed at reducing crashes overall and reducing fatalities also produce reductions in traffic injuries.
- Major injuries account for only 6% of all injuries which suggests that safety programs and options like seatbelts reduce the chance of serious injury when a crash does occur.

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— TRANSPORTATION SAFETY DIVISION —

Safety Belt Use

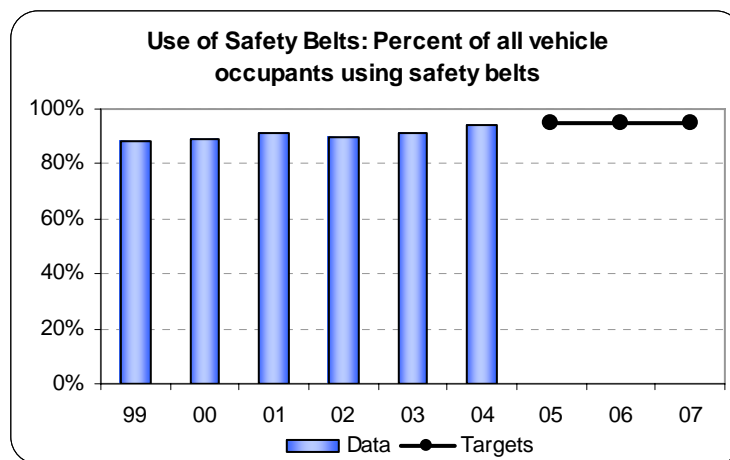
1985 = 31 percent

2002 = 90 percent (one of the top four states in the nation)

2003 = 91 percent (one of the top four states in the nation)

2004 = 94 percent (one of the top four states in the nation)

2005 Goal = 95 percent

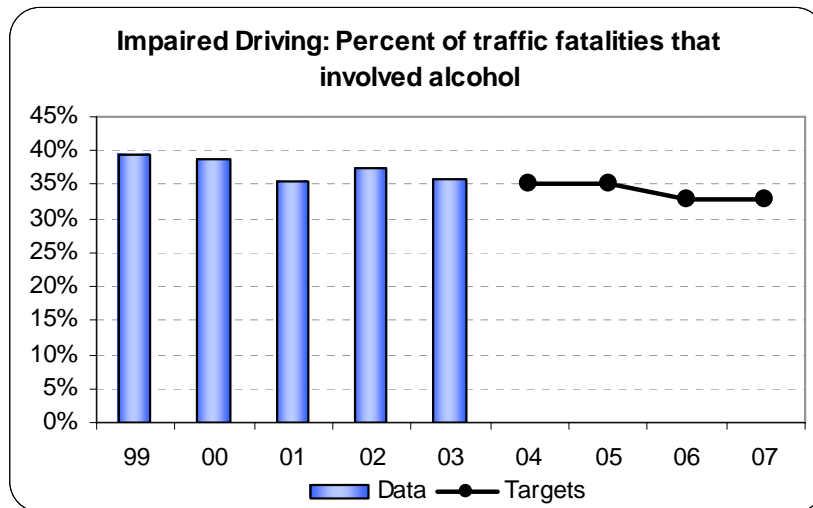


Measure-Related Highlights

- The overall trend for safety belt usage has been increasing from 1998 to 2004. The results for 2004 fall only one percentage point below the 2005 target of 95%.
- The Adopted Budget provides funding to continue efforts to improve safety belt usage.
- The goal of 95% exceeds the highest reported use of safety belts in all other states and other countries around the world.
- Oregon is one of five states maintaining the highest safety belt usage in the US (others are Arizona, Washington, California and Hawaii).

Alcohol-Related Fatalities

1991 = 47.7 percent
2001 = 35.5 percent (equals 173 fatalities)
2002 = 37.4 percent (equals 163 fatalities)
2003 = 35.9 percent (equals 184 fatalities)
2004 = 41.0 percent (equals 187 fatalities)
2005 Goal = 35 percent, or 150 fatalities



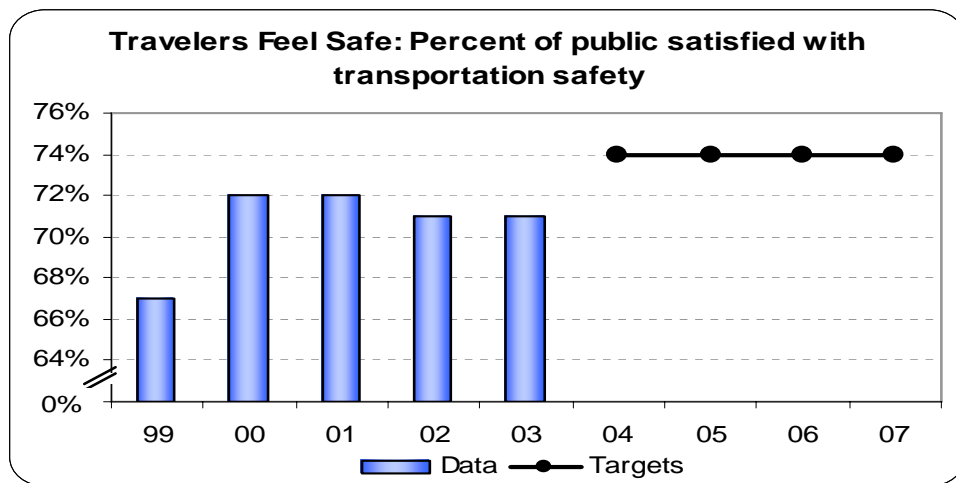
Measure-Related Highlights

Oregon's rate of 35.9% alcohol-involved fatalities for 2003 shows successful reductions since 1998 that approach the 2004 target of 35%.

- The funding level of the Adopted Budget will help to continue safety efforts to reduce impaired driving.
- Oregon's rate of 35.9% in 2003 demonstrates greater success when compared to the national average of 40%.
- Strategies to continue the downward trend for this measure include enforcement and education.
- Traffic fatalities due to impairment from drugs other than alcohol are not included in this measure, but they should be monitored in order to respond to any increases in trends (24 fatalities out of a total of 208 were due to drug-only impairment).

Travelers Feel Safe

1995 = 71 percent
2001 = 72 percent
2002 = 71 percent
2003 = 71 percent
2004 = 75 percent
2005 Goal = 74 percent



Measure-Related Highlights

This measure should stay around 70 to 75 percent if we are to be effective. A low response indicates a lack of trust in the transportation officials and public safety system. A response that is high can be a sign of complacency and will lead to poor decisions by the transportation system users. The past five years has shown we are reaching the general public with appropriate and effective safety messages, all road authorities are making better decisions for safety construction and maintenance, and the public safety system is making a difference.

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All measures are evaluated each year. These trends are expected to continue into the next biennium, however, the large drop in traffic fatalities in 1999 and in 2002, was repeated in 2004. With the reductions to law enforcement, courts, hospitals and other social services, traffic fatalities and injury rates are likely to stay flat.

BUDGET HIGHLIGHTS

Transportation Safety Division Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
Statewide Operations	\$3,926,315	\$4,150,027	\$4,132,297
Field Programs	14,858,193	14,232,474	19,253,219
Total	\$18,784,508	\$18,382,501	\$23,385,516
Expenditures by Major Revenue Source:			
State (Dedicated Funds)	\$7,088,654	\$8,148,283	\$9,974,740
Federal Funds	11,533,804	10,234,218	13,410,776
General Fund	162,050	-	-
Total	\$18,784,508	\$18,382,501	\$23,385,516
Expenditures by Category:			
Personal Services	\$2,837,771	\$2,932,032	\$3,231,451
Services & Supplies	3,136,276	2,668,606	3,329,308
Capital Outlay	59,106	7,899	175,973
Special Payments	12,751,355	12,773,964	16,648,784
Total	\$18,784,508	\$18,382,501	\$23,385,516
Positions	24	24	24
Full-Time Equivalent (FTE)	24.04	24.00	24.00

Public Transit Division

PUBLIC TRANSIT DIVISION

The Public Transit Division provides grant assistance, advocacy, and technical assistance to communities and local transportation providers to provide transportation to people. 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.

To implement division goals, the division initiated a spectrum of travel options that offer transportation solutions and alternatives:

- **Social Services Transportation Coordination:** 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 such as transportation brokerages, vehicle sharing, joint maintenance, and other coordination improvements. There is new emphasis on this work at the Federal level. The division is planning to participate in the new "United We Ride" initiative. United We Ride grants are intended to improve coordination between state agencies and other transportation providers to enhance services for individuals with disabilities, older adults and persons with lower incomes.
- **Trip Planning Information:** Resources also are being invested to improve 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 choose among transportation options within and among communities. This information would be used to plan, schedule, and pay for a trip to move customers seamlessly among transportation modes. The second phase of implementation for this project will occur in this biennium.
- **The Intercity Passenger program** coordinates with Rail Division goals for Amtrak passenger rail service by supporting four rural bus connections to Amtrak passenger rail services.
- **Transit Fleet Preservation:** One key component of an improved transit network is to improve the condition and capacity of vehicles providing trips in Oregon. In 1999, the legislature approved discretionary grant resources to improve vehicles used for the elderly and disabled. This program has been very successful. In 2003, the legislature approved adding a small similar program for general public vehicles. These improvements are funded from federal Surface Transportation Program Funds (STP). The goal is to increase the condition of vehicles from 66

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percent fair or better to maintain the fleet of vehicles used in Oregon's public and special transportation service at more than 80 percent that are in fair or better condition.

PUBLIC TRANSIT DIVISION PROGRAMS

General Public Transit

Mass Transit Vehicle Grants

The division offers capital grants for public entities to replace buses that do not meet condition standards. This helps communities to provide general public bus service with vehicles that are safe, appropriately designed for the route, and in good condition. The program is funded with federal Surface Transportation Program funds.

Rural Operating Grants

The division provides technical and grant assistance to offer a mobility choice within and between rural communities for those who need assistance with mobility to support Oregon's goals for productive and healthy communities.

This division program provides grant assistance to public 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 through the Non-Urbanized Area Formula Assistance Program. Funds may be used for planning, operations, and capital purchases or technology improvements. Thirty-nine communities around the state receive annual formula grants through this program.

Jobs Access to Work Grants and Technical Assistance

The division provides technical assistance to help local agencies pursue funding through the Federal Transit Administration (FTA) Job Access and Reverse Commute program. The division also obtains pass-through grant funding to provide employment-related transportation for low-income workers in Central Oregon, La Grande, and Baker City. The federal program is currently under review and it has not been determined whether states will receive a designated amount of funding to pass through or whether a state or individual direct grant will be solicited for the fiscal years 2005–2007. Transit staff provides technical assistance to Marion/Polk, Jackson, Wasco, and Douglas counties, as well as to the City of Bend so that local governments can receive direct federal grants.

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 bus, rail and air. Support and advocacy provides improved 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. This program contributes support for connections to long distance Amtrak and Greyhound service.

Special Needs Transportation Program

Funds are allocated through the Special Transportation Fund Program to Transportation Districts (where they are established), counties, and Indian Tribal Governments in Oregon, to deliver or contract with providers to deliver transportation services to seniors and people with disabilities. Funds include Other Fund (cigarette tax, State ID Card fees, and non-highway use state gas tax) revenues. Seventy-five percent of funds are distributed as formula grants based on population. The other 25 percent is distributed with federal Elderly and Disabled Capital Program funds and Federal Highway Administration Surface Transportation Program funds as discretionary grants based on need and merit.

Transportation Demand Management

The Transportation Options/Transportation Demand Management Program 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, marketing, consumer education, and incentive programs to encourage the use of alternatives to driving alone. Division staff provides technical assistance and contract



Special Needs programs assist providers serving senior citizens and people with disabilities.

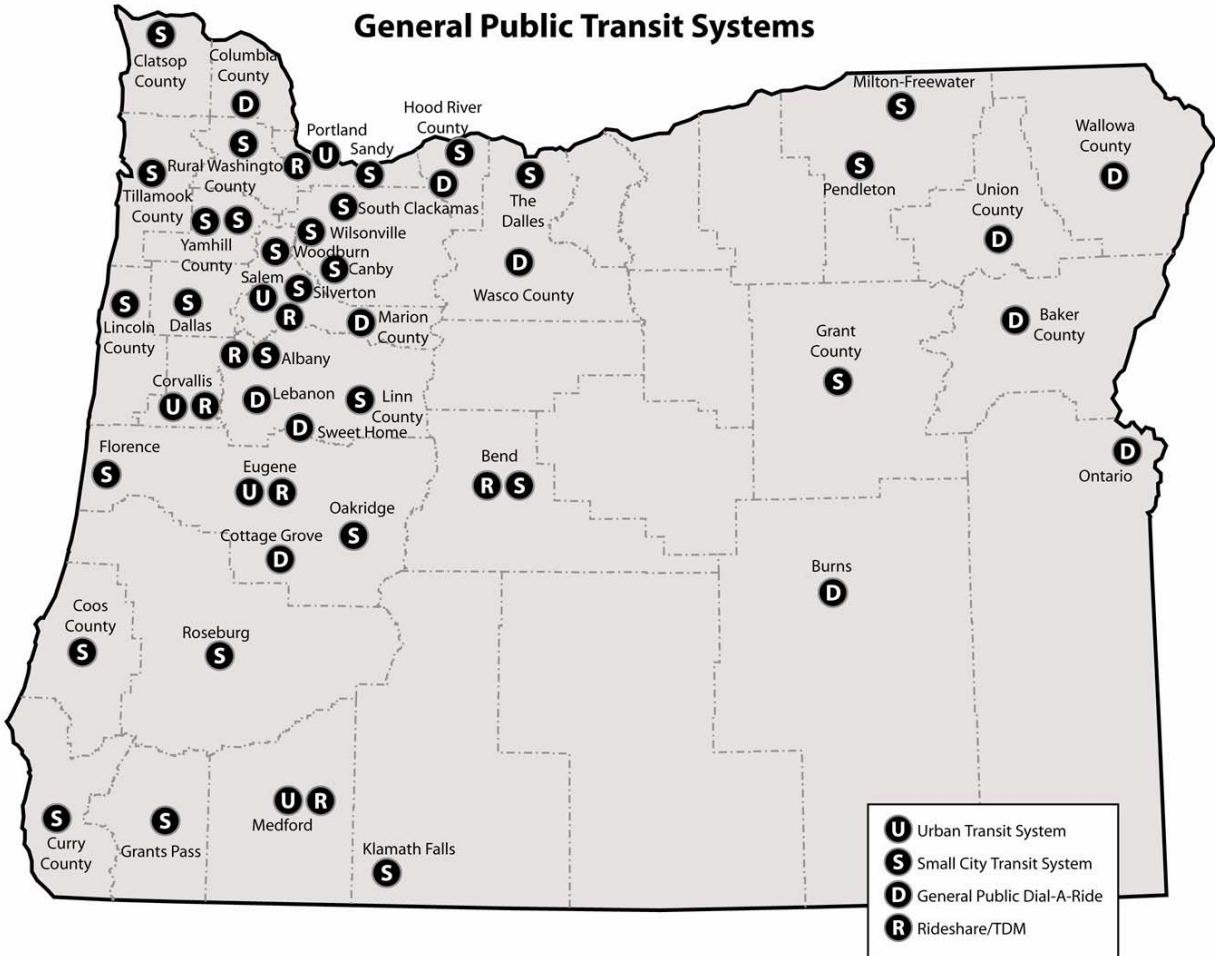
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oversight for Transportation Options/Rideshare programs in Albany-Corvallis, Bend, Eugene, Medford, Portland and Salem. Technical assistance is also provided to ODOT regional staff and communities for issue identification and strategy development. In 2003, a grant-funded Transportation Options Initiative program was established to help communities use innovative marketing strategies to inform people about Oregon travel options. A total of \$1.5 million in Surface Transportation Program (STP) dollars was dedicated to this strategic marketing and education initiative.

Public Transit Planning

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

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ISSUES / TRENDS

Aging Population

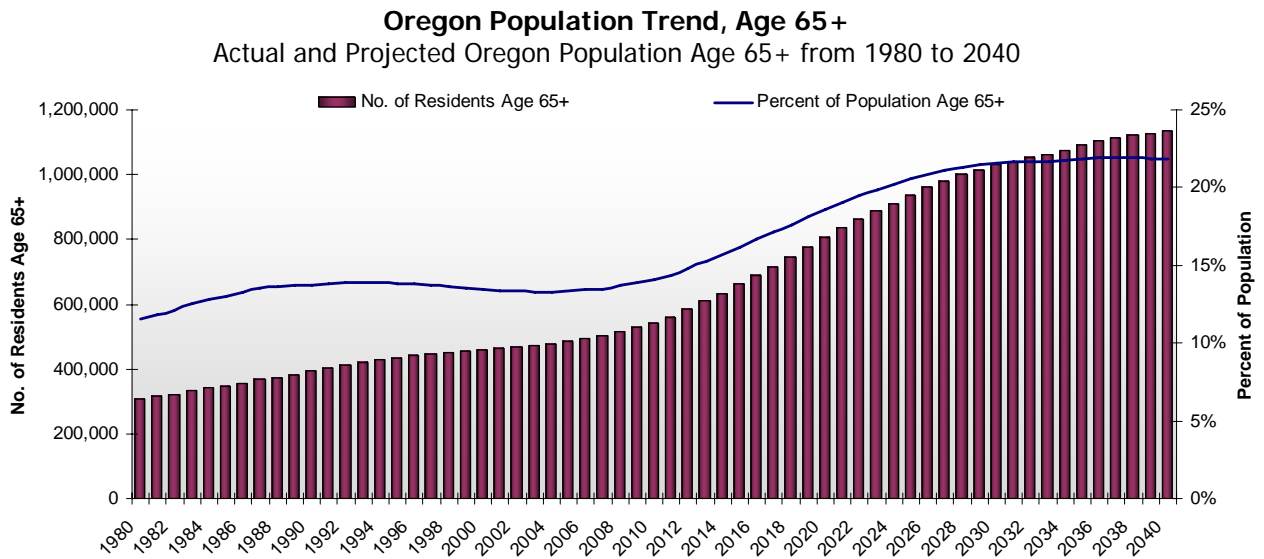
The most significant challenge transit faces is that the population at both the national and state level is graying. Of the 50 states enumerated in the 2000 Census, Oregon had the 10th highest percentage of population aged 65+, and Oregon is projected to have the third highest percentage by 2040.

We do not know exactly how many people need what sort of service, but we are learning more through research and work with expert and stakeholder groups. From national studies, we know that 25 percent of people over 75 years of age do not drive, and that, on average, people live from seven to 11 years after they stop driving. We also know that crash rates per mile driven are higher than for middle-aged drivers, but that because of voluntary reductions in driving, crash rates per person are about the same. However, seniors are much more likely to die from injuries suffered in a crash. DMV has initiated a mandatory medical reporting program that is likely to increase the number of people losing their driving privilege because of medical conditions that adversely affect a person's ability to drive.

Other studies show that despite flat or declining use of fixed route transit by seniors, most seniors can effectively use fixed route public transit systems if service is close to the door and sufficiently frequent, adequate information is provided, there are bus shelters with benches and traveler supports are available (such as travel training) to help people get over the anxiety associated with doing something new. Our challenge is to help seniors preserve needed mobility whether they drive or not.

The following table shows the number of people age 65+ (vertical bars scaled on the left axis) and the age 65+ population as a percentage of state population (the line scaled on the right axis). Population is actual from 1980 through 2000 and projected from 2001 through 2040. During the 60 year period from 1980 to 2040, Oregon's population age 65+ is projected to grow 367 percent from 300,000 in 1980 to 1.1 million in 2040. The percentage of Oregon's overall population, age 65+ is projected to almost double, increasing from 12 percent in 1980 to 22 percent in 2040. It is also important to note that the percentage of population age 65+ is not evenly distributed in Oregon. The population of urban counties where 64 percent of Oregonians live, and where more transit service is available, averages about 12 percent age 65+. The population of rural counties averages about 16 percent age 65+.

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Source: DAS Economic Forecast; Portland State University; and 2000 US Bureau of Census.

Coordination Challenge: Public, Human Service and Pupil Transportation

The division is actively engaged with other state and local agencies managing transportation resources for general public, special needs, student and social services clients' transportation. However, we need to identify and implement strategies to better coordinate transportation policy and resources. A desired coordination outcome is to share resources to enable more people to be served at any given level of investment. The Governor has identified as a major state budget driver the 31 percent increase in the age 65+ population expected in the next 10 years (from 2005 to 2015).

To the extent that Oregon's seniors need institutional care, it costs the state a great deal. A recent publication of the Oregon Association of Area Agencies on Aging and Disability reports that the cost to maintain a senior at home averages \$668 a month, while the average cost of residential care is six times greater at \$4,158 a month. A total of 30,000 Oregon seniors are in the Department of Human Services (DHS) caseload. While mobility is not the only support needed by seniors to live a high quality of life while aging in place, it is an important support. The most significant challenge to manage public transportation resources in close cooperation with the Department of Human Services is to minimize the extent to which seniors or people with disabilities have to be institutionalized.

Pupil transportation is another area where significant state funds are invested (more than three times what ODOT and DHS spend on public and client transportation services). Coordinating pupil and public transportation presents very difficult coordination challenges with barriers in federal law, state law, and tradition. However, effort in this area holds great potential for cost saving improvements in efficiency and effectiveness. Several communities have expressed a desire to coordinate resources, and the division will continue to support this effort.

Urban Congestion

Urban congestion is a serious economic and environmental issue for Oregon. The Oregon Progress Board's Population Survey for 2004 indicates that 47 percent of people living in the Portland Metro area see traffic congestion as a serious or critical issue. Urban transit and other travel options program alternatives are viewed as essential to preserving the efficiency and health of metropolitan areas transportation systems. Public Transportation providers will face the following issues in 2005–2007 biennium as they attempt to manage urban congestion:

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- Cost to modernize travel information, communications and security equipment.
- Pressure to enhance services and modernize aging facilities.
- Pressure to reduce bus headways.
- Pressure to add commuter bus and rail capacity.
- Pressure to modernize bus options and design.

Increasing Costs of Fuel, Insurance, and Regulation

Transit faces increasing cost pressures in a number of areas—fuel, insurance, and costs associated by recent international events. A total of \$35 per barrel of oil means about \$1.70 a gallon; \$50 a barrel means about \$2.40 a gallon; and \$75 a barrel of oil would mean over \$3.00 a gallon for gasoline. Insurance costs are also increasing substantially.

New federal laws and rules also increase cost. The Federal Transit Administration and Homeland Security are imposing new safety and security standards with compliance costs. Environmental concerns include new, more severe particulate emission standards and a pending requirement to use ultra-low sulfur diesel fuel starting in 2006.

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PERFORMANCE MEASURES

Division work supports the following three Oregon Benchmarks:

- Benchmark #58: More elderly living independently.
- Benchmark #59: More disabled adults working.
- Benchmark #70: Reduce one-person trips.

The division measures performance by tracking the following:

- Commuter choice for work trips in urban areas.
- Total transit rides.
- Rural and special transportation rides per person for elderly and people with disabilities.
- Fleet condition rating for vehicles purchased with state investment.
- Intercity Passenger Policy attainment.
- Customer service in terms of grant agreement and payment processing time.

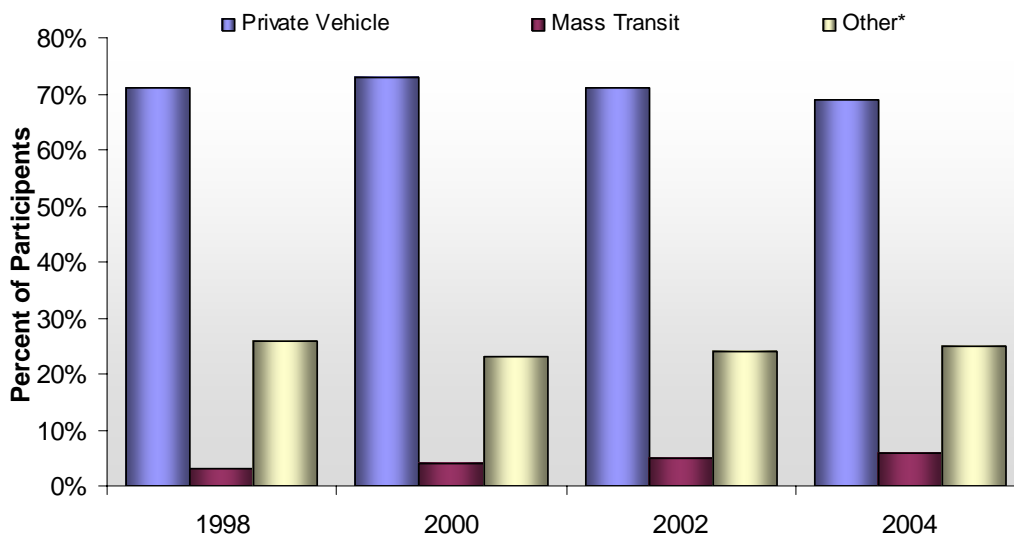
Six charts presented on the following pages report how the division has performed over time in terms of each of these measures.

Commuting to Work

The percentage of urban workers 18 and older commuting to work by private vehicle (car, truck, etc.) is surveyed every two years as part of the Oregon Population Survey conducted by the Northwest Research Group on behalf of 17 state agencies. This percentage has declined steadily since 2000. The survey data are displayed in the following chart.

PTD Chart #1: Commuting to Work

The percent of workers 18 and older commuting to work by private vehicle, mass transit and other means



Source: Northwest Research Group January 2005 Study.

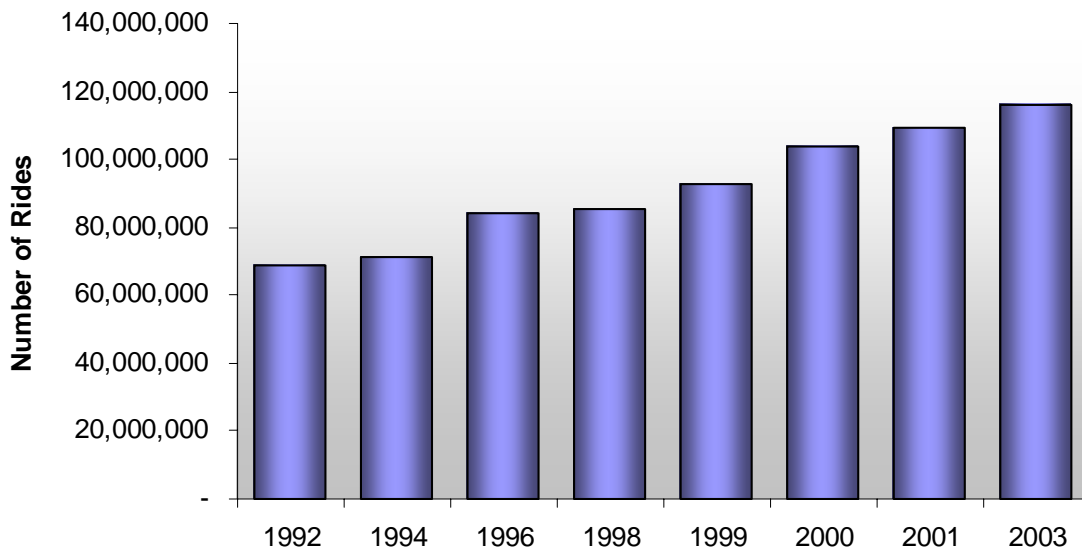
*Other includes walking, bicycling, and combination of modes.

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Total Rides

Public Transit ridership is growing as population densities increase and transit service options improve. This trend is expected to continue in the 2005–2007 biennium. The number of rides delivered by Oregon’s urban, rural and special transportation providers is shown in the following chart:

PTD Chart #2: Public Transportation Ridership Trends
Number of Public Transportation Rides Delivered

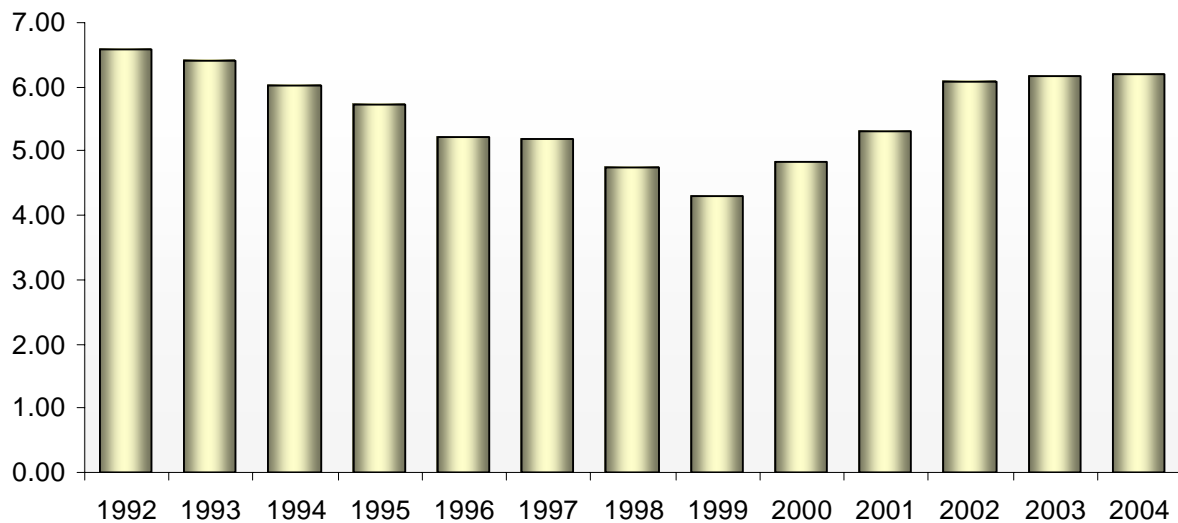


Source: 2003 ODOT Transit Provider Reports and US Bureau of Transportation Statistics National Transit Database.

Rural and Special Transportation Rides Per Capita

Division programs target ODOT goals for safety, air quality, travel access and mobility needs. Grant funds are provided so that the elderly, people with disabilities, and rural residents will have the mobility needed to live independently and productively. Because of inflation and increases in the age 65+ population, rides per person declined through the 1990's until additional support was granted by the 1999 legislature. Rides are more available, but it will be a challenge to continue improvements as the numbers of elderly and disabled people continue to increase.

PTD Chart #3: Average Rides Per Person for Elderly and Disabled Oregonians

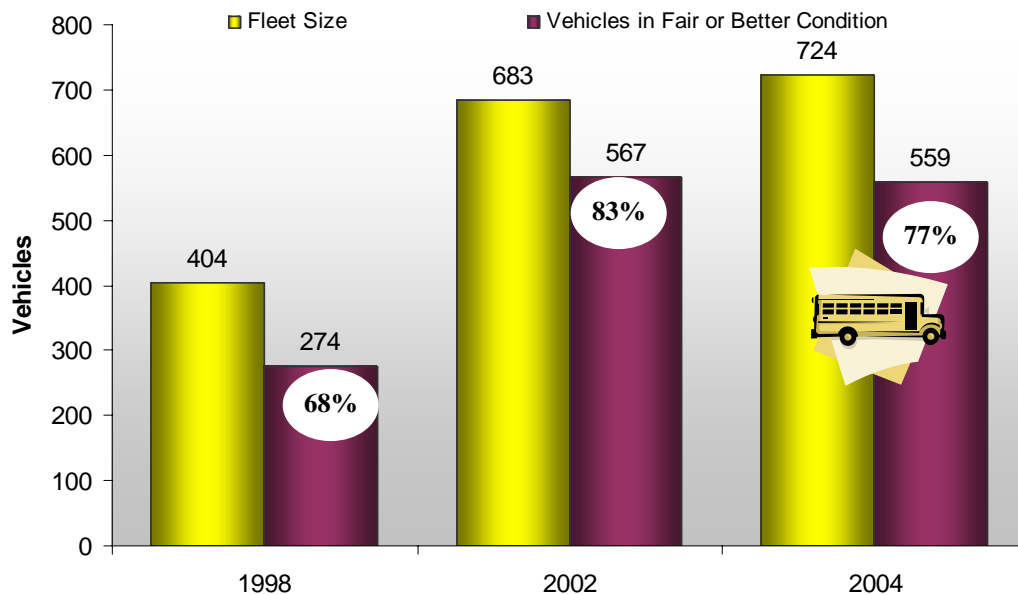


Source: Portland State University Center for Population Research and Census

Vehicle Condition

An important program goal is to provide a fleet of safe and accessible vehicles large enough to meet the transportation needs of seniors and people with disabilities. The Public Transit Division goal is to maintain 80 percent or more of this fleet in fair or better condition as defined by federal useful life standards. These standards are based on age and mileage for type of vehicle. The rural and special needs fleet is currently at 77 percent fair or better condition.

PTD Chart #4: ODOT Funded Fleet Condition
Size and Condition of the Fleet Serving the Elderly & Disabled



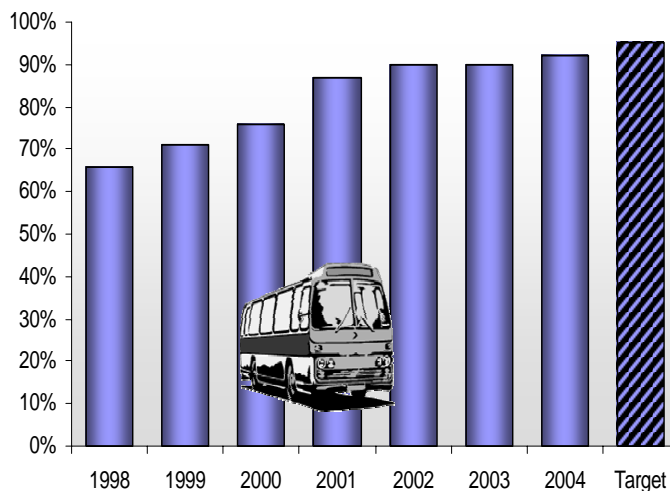
Source: ODOT Public Transit Division Data

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Intercity Program

An important part of mobility is the ability to travel from where you live to other communities to obtain medical services, shop, visit with friends and family or connect with other transportation modes for even longer trips. ODOT's Intercity Passenger Program goal is that every community of 2,500 or more people will have same day, round-trip access to the next largest market economy at least three days a week. The following table reports how we have done in this area.

PTD Chart #5: Bus & Passenger Service
Percent of Communities of 2,500 or more with Intercity
Bus or Rail Passenger Service



- Intercity passenger service should be available in every community with a population over 2,500.
- Intercity passenger service should allow a round trip to be made within a day to the next largest market economy.
- Of 98 communities with a population over 2,500, 90 met the goal in 2004; 8 did not.
- In late 2004, Greyhound discontinued service to 35 communities. Local providers are attempting to fill these "gaps." At this time service information is still changing frequently.

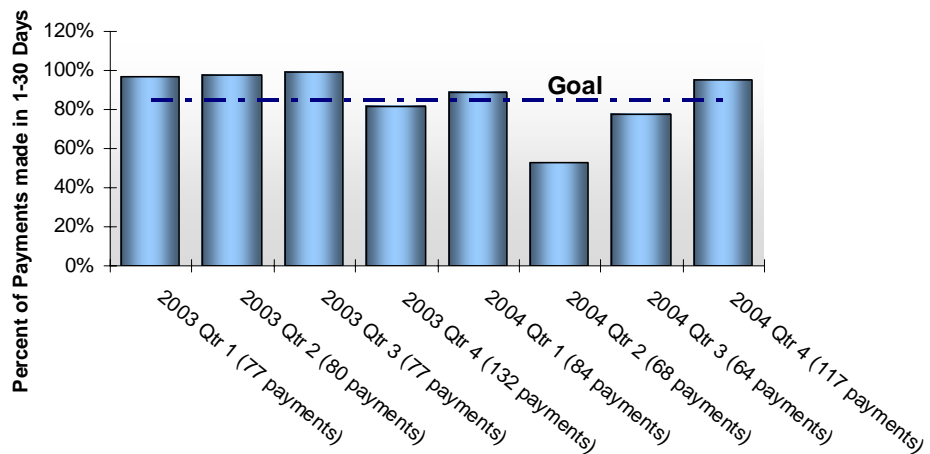
Source: ODOT Public Transit Division Intercity Program 2004

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Customer Service

One of the ways the division measures performance is by tracking workload measures relating to ODOT’s goal to provide world-class customer service. The division monitors performance each quarter against a goal for timely processing of grant payment requests. Our goal is to process 85 percent of payment requests within 30 days and 100 percent within 60 days. A total of 346 payments were processed in 2003 and 333 were processed in 2004. –The number of grants being managed ranges from 225-300 at any one time. Customer service performance results for 2003 and 2004 are shown in the following chart.

PTD Chart #6: Quarterly Grant Payment Performance



Source: ODOT Public Transit Division data.

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BUDGET HIGHLIGHTS

Public Transit Division Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
General Public Transit	\$9,424,203	\$9,058,524	\$11,418,039
Intercity Passenger Services	1,210,541	805,647	943,806
Special Needs Transportation Services	27,093,989	32,986,096	35,806,943
Transportation Demand Management	148,810	188,658	1,664,072
Public Transportation Planning	902,835	1,280,640	1,058,936
Total	\$38,780,378	\$44,319,565	\$50,891,796
Expenditures by Major Revenue Source:			
State	\$10,983,427	\$17,581,809	\$19,860,461
Federal Funds	20,108,138	26,737,756	31,031,412
General Fund	7,688,813	-	-
Total	\$38,780,378	\$44,319,565	\$50,891,796
Expenditures by Category:			
Personal Services	\$1,720,460	\$1,524,292	\$1,825,094
Services & Supplies	680,320	770,099	2,469,320
Capital Outlay	-	-	-
Special Payments	36,379,598	42,025,174	46,597,382
Total	\$38,780,378	\$44,319,565	\$50,891,796

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

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Summary of Changes

The budget limitation increase between 2003–2005 and 2005–2007 is \$6.6 million, primarily for special needs transportation and minor increases for personal services and standard inflation.

The 2003–2005 actual expenditures for Public Transit Division was \$44.3 million, an increase of \$5.5 million from the prior biennium, and included increases for state and federally funded activities and the elimination of all General Funds. The funding increased the services provided to seniors and people with disabilities.

The budget for 2005 – 2007 includes an additional increase for both special needs transportation and general public transportation as well as an increase in the budget a modest increase for inflation and the addition of a half-time fiscal analyst. The \$31 million of federal funds limitation, an increase of \$4 million for the 2005–2007 budget is primarily the result of a fund shift between state funded and federally funded activities (\$1.9 million for Special Needs Transportation and \$1.5 million for Transportation Demand Management).

Rail Division

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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.

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



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

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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. Crossing safety staff inspect all public crossings on a regular basis, enforce laws related to crossing blockages and manage 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. 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 manages and markets intercity passenger rail operations and related thruway motor coach service. It 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

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service issues. This program is funded with General Fund, Federal Funds, and other funds.

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 was a one-time revenue source for the 2003-2005 biennium. In order to maintain current service levels for the 2005-2007 biennium General Funds have been allocated to replace EQIF funds.

ADMINISTRATOR'S OFFICE

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.

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ISSUES / TRENDS

The Rail Division's priorities and resource allocation strategies are driven by three primary goals: Public Safety, Mobility and Livability.

Public Safety

Under ORS 823 and ORS 824, ODOT's Rail Division is responsible for ensuring the safety of railroads in the state. This mandate covers various components of the railroad system including: public highway-rail grade crossings, infrastructure (tracks, signals and bridges), cars and locomotives, along with rail transit systems. These efforts are focused on ensuring operating practices, maintenance activities, and road construction projects maximize safety for citizens, railroad employees, users of highway-rail grade crossings and customers of the rail system, such as shippers and passengers. The Division's efforts are critical to public safety since the public is vulnerable to injuries or deaths from train incidents. A collision at a highway-rail crossing can result in a citizen's injuries or death due a train's massive size and weight compared to the citizen's vehicle. In a train derailment, the compromise of just one Hazardous Materials rail car and its toxic contents can jeopardize hundreds or thousands of lives, as well as damaging the environment.

Mobility

Railroads facilitate the efficient movement of people and goods, which directly affects local and regional economies. Each of the modes, including rail, are being challenged by the growing need for transportation, both within and beyond the state's boundaries on infrastructure that is often constrained. Globalization, just-in-time manufacturing, population growth, and the relationship between mobility and rural communities' sustainability are some of the primary factors impacting Oregon's rail system. In particular, the division will be helping smaller railroads upgrade their infrastructure to accommodate heavier freight cars, which are now commonplace, and enhancing rail access to ports and other intermodal facilities. Additionally, the Division will facilitate the continued expansion of statewide intercity passenger rail service, and encourage partnerships with the appropriate constituencies on developing public/private agreements to help address the mode's significant infrastructure challenges. ODOT's Rail Division realizes it's imperative for the modes to work cooperatively to address the state's mobility needs as no mode can satisfy current and future demands in isolation.

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Livability

Throughout the state, citizens are concerned about the condition of the road network and the availability of resources to help maintain the existing roads and bridges. Therefore, the ability of Oregon's railroads to help divert road traffic (for both freight and passenger trips) helps congestion management efforts and enhances the useable life of road investments. The division has a mandate to: inspect public highway-rail grade crossings and approve all alterations; develop solutions that accommodate the railroad's operational needs; and recognize the affect that blocked crossings have on local access, emergency response times and overall livability (noise and air pollution from idling, etc.).

State-sponsored efforts in intercity passenger rail service offers citizens and visitors with enhanced access to certain communities, and provide a service that attracts a variety of users, including those who find it difficult to travel via other modes, (e.g. elderly and disabled). The division's actions to support the development of efficient, safe and comprehensive rail service provides numerous benefits that collectively, contribute to the state's livability through fostering a transportation mode that minimizes environmental degradation, contributes to effective land use, aids job creation, and contributes to a favorable business climate.

PERFORMANCE MEASURES

The work of the Rail Division contributes directly to each of the department's high-level goals: Improve Travel Safety and Move People and Goods Efficiently. The division monitors many different activities on a monthly basis, but it focuses on three key performance measures. The measures were established because they track outcomes, not merely inputs or outputs, they're broadly representative of the division's primary goals and tasks, and it's been statistically confirmed that they have an impact on high-level outcomes and division goals.

The first measure tracks rail crossing incidents. It is linked to the department's safety goal of improving travel safety in Oregon (Performance Measure 730-07) and the Oregon Benchmark of reducing premature death. Reducing incidents continues to be one of Oregon's greatest challenges, especially considering increases in vehicle miles traveled.

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— RAIL DIVISION —

The second measure tracks derailment incidents. This measure is also linked to ODOT's goal of improving travel safety in Oregon (Performance Measure 730-08) and the Oregon Benchmark of reducing premature death.

The third measure (Performance Measure 730-12) tracks passenger rail ridership and is linked to ODOT's goal of moving goods and people efficiently, and the Oregon Benchmark for promoting alternatives to one-person commuting and reducing vehicle miles traveled.

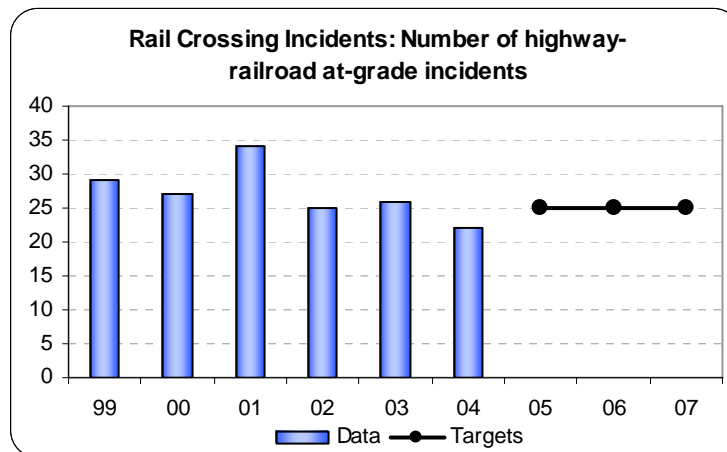
Oregon Department of Transportation
2005–2007 Adopted Program Budget
— RAIL DIVISION —

Measure #1: Rail Crossing Incidents

Description: Number of highway-railroad at-grade incidents.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Target								25	25	25
Data		29	27	34	25	26	22			

Data Source: Rail Division, ODOT



This measure tracks the number of incidents involving trains at public highway-rail grade crossings where the tracks are on the same level as the cars and pedestrians.

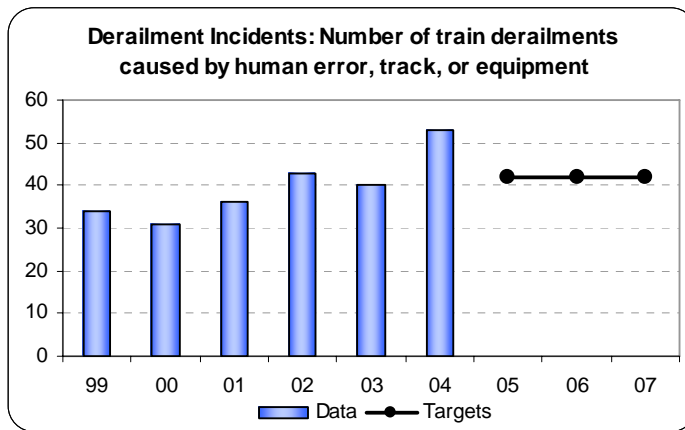
The five-year trend shows improvement, but there can be large fluctuations from year to year. When the data is analyzed, it reveals that 15 incidents involved vehicles. Six incidents involved pedestrians and one involved a bicyclist.

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 — RAIL DIVISION —

Measure #2: Derailment Incidents

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Target								42	42	42
Data	25	34	31	36	43	40	53*			

Data Source: Rail Division, ODOT



This measure combines incident reports for three causes of derailments (by human error, track, or equipment) into one measure.

The 2004 data reflects only January through October as the Federal Railroad Administration (FRA) has not yet completed their review and compilation of the 2004 data. However, the data clearly reveals that the number of derailments has significantly increased in 2004 compared to 2003.

The increase is partially due to fewer inspections by FRA and Oregon Inspectors. FRA inspectors have been involved in special projects outside of Oregon. Turnover in the Rail Division's inspector staff, due to retirements and promotions, has resulted in fewer federally certified employees to perform inspections. It will take about one year of training for the recently hired highly experienced railroad employees to become federally certified due to the complexity of the inspection work.

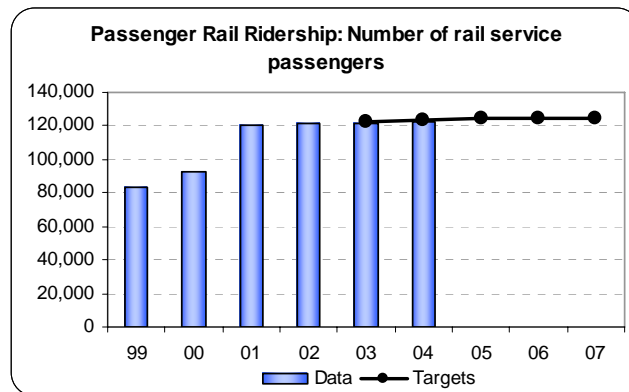
The Rail division will continue to conduct focused inspections, maintain overall level of inspections and concentrate efforts to work with railroads to identify root causes of various problem areas.

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 — RAIL DIVISION —

Measure #3: Passenger Rail Ridership

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Target						122,494	123,718	124,955	124,955	124,955
Data	77,496	83,164	92,362	120,290	121,281	121,481	122,474			

Data Source: Rail Division, ODOT, Amtrak



Passenger rail ridership is closely linked to the benchmarks and ODOT’s goal. Passenger rail transportation provides an alternative to one-person commuting and results in reducing vehicle miles traveled.

Passenger rail ridership is increasing. The ridership projections are based on historical increases on state-supported Cascades trains and Thruway buses. In general, ridership increases result from reductions in travel time, increased frequencies and improvements in reliability. Each of these conditions is largely dependent upon sufficient capital investment.

The Rail division will continue to market passenger rail aggressively, improve on-time performance of passenger rail, increase the frequency and range of service and increase the speed of passenger rail.

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— RAIL DIVISION —

BUDGET HIGHLIGHTS

Rail Division Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs:			
Rail and Crossing Safety	\$2,783,108	\$3,113,532	\$4,006,058
Rail Planning, Projects, Operations	27,915,431	29,861,838	58,823,032
Project Funds	6,067,982	2,482,290	5,119,821
Passenger Rail	0	0	9,645,544
Administrator’s Office	664,518	678,480	657,198
Total	\$37,431,039	\$45,381,062	\$78,251,653
Expenditures by Major Revenue Source:			
State	\$13,901,646	\$19,884,650	\$13,271,537
Federal	18,846,402	10,616,688	15,385,786
Lottery Bonds	2,452,928	10,965,108	40,968,163
General Funds	9,262,878	3,914,616	8,626,167
Total	\$37,431,039	\$45,381,062	\$78,251,653
Expenditures by Category:			
Personal Services	\$3,403,257	\$3,496,744	\$3,362,973
Services & Supplies	9,902,590	17,588,734	6,464,567
Capital Outlay	396,438	-	0
Special Payments	23,728,754	24,295,584	68,424,113
Debt Service	0	0	0
Total	\$37,431,039	\$45,381,062	\$78,251,653
Positions	28	25	24
Full-Time Equivalent (FTE)	26.88	25.50	24.50

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2005–2007 Adopted Program Budget
— RAIL DIVISION —

Summary of Changes

The 2005–2007 the federal funds budget of \$15.4 million has been adjusted to match available federal funding. In prior biennium's federal reimbursement has fluctuated based upon project completion.

Additional General Fund limitation was requested in the Governor's Recommended Budget and approved in the Legislatively Approved Budget for the 2005–2007 biennium to cover the loss of a one-time Environmental Quality Information Fund balance transfer from the 2003–2005 biennium.

The increase in Special Payments is for the South Metro Commuter Rail Service.

Transportation Program Development

Oregon Department of Transportation
2005–2007 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.

TRANSPORTATION PROGRAM DEVELOPMENT PROGRAMS

Statewide and Regional Studies

- Statewide Planning Projects
- Regional Planning

Technical Assistance and Coordination

- Local Government Assistance
- Statewide 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

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— 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 1999 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.**

Regional Planning

Regional Planning consist of a variety of planning efforts.

- Facility Plans identify transportation problems, analyze solutions and determine the most effective actions to manage and improve facilities for long-term operations.
- Transportation System Plans (TSP) are long range facility plans. The Transportation Planning Rule adopted by the Department of Land Conservation and Development requires:
 - ODOT to prepare a transportation plan to identify transportation facilities and services that can help meet identified state needs. The state's

Transportation System Plans (TSP) include the Oregon Transportation Plan and adopted modal, corridor, and refinement plans.

- Metropolitan Planning Organizations prepare regional Transportation System Plans (TSP). Cities and counties prepare local Transportation System Plans (TSP) consistent with each other and the state and regional Transportation System Plans (TSP).
- Other planning efforts such as Refinement Plans, Highway Segment Designation Plans, Downtown Plans, Access Management Plans, Interchange Management Plans, Development Review, and Safety Corridor Plans.

TECHNICAL ASSISTANCE AND COORDINATION

Local Government Assistance

- Planning guidance for local jurisdictions is provided through planning grants and technical assistance. The division supports the city and county planning efforts with such things as guidance on Transportation System Planning, Development Review, State Transportation Improvement Program, and model ordinance language. The goal of the planning efforts is to help local governments make planning decisions that lead to better project selection. ODOT assists more than 70 jurisdictions each biennium.
- ODOT coordinates regular meetings of the Metropolitan Planning Organization (MPOs), transit districts, ODOT regions, and Federal Highway Administration to facilitate the discussion and resolution of issues of mutual interest. Metropolitan Planning Organization liaison efforts include review of yearly Unified Planning Work Program and work on specific Metropolitan Planning Organization projects.

Statewide Coordination

The division coordinates with agencies and partners that interact with the state transportation system. The Area Commissions on Transportation (ACT) for policy direction and the Statewide Transportation Improvement Program (STIP) for eligibility criteria are just two of the tools ODOT uses to coordinate stakeholder involvement in the project selection process.

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— TRANSPORTATION PROGRAM DEVELOPMENT —

Technology Transfer

This unit collects and shares information with federal, state and local agencies. The center is funded 50% 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 mandated federal programs, such as the Highway Performance Monitoring System and National Bridge Inventory submittals.



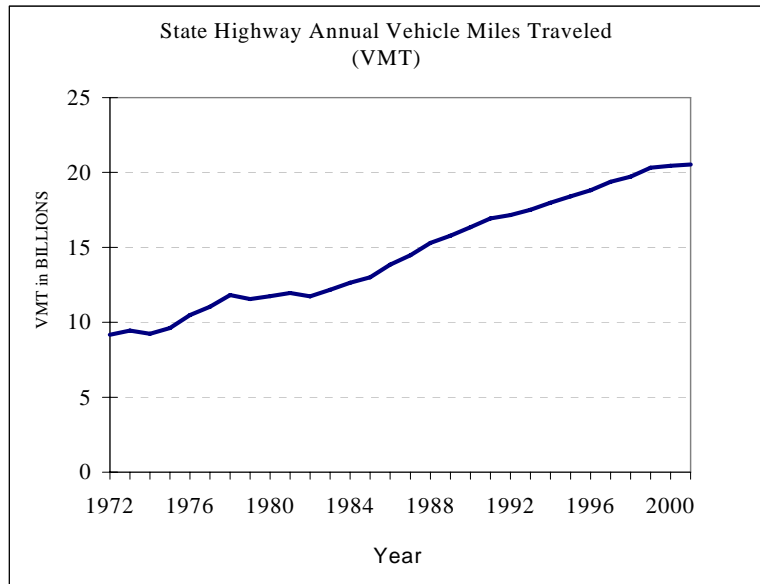
ODOT analyzes pavement deterioration and plans for future improvements.

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— TRANSPORTATION PROGRAM DEVELOPMENT —

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)
- Trend Reports—(Monthly summary of traffic count trends and fatality statistics)
- 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)

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— TRANSPORTATION PROGRAM DEVELOPMENT —

Transportation Planning Analysis

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

- Deficiencies and needs inventory
- 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 13 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 more functional. Areas covered include bridge (pavements, materials, construction, maintenance and hydraulics), geotechnical, roadway design, planning and socioeconomic factors, and Intelligent Transportation System.

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, local cost-sharing agreements, stakeholder input and other programming considerations.

ISSUES / TRENDS

There is increasing emphasis on freight mobility, as reflected in the federal reauthorization of SAFETEA-LU (the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users). The legislation supports increased investment in the rail system and intermodal connections that will improve freight mobility. Although the requirement that each state designate a freight transportation coordinator to coordinate public-private, state-local, and state-federal freight transportation activities was not included in the final SAFETEA-LU bill, many states have established such offices. During the last biennium, a Freight Mobility Section was established in ODOT with responsibility for integration of freight and goods movement into the Agency's policy efforts and planning process.

Other issues and trends:

- More work is needed to classify, designate, and manage highway segments such as Special Transportation Areas, Urban Business Areas, Commercial Centers, and Expressways. These are important components for smooth traffic flow and facilitate economic development.
- More work is necessary to complete Interchange Area Management Plans to adequately protect the function of the state highway interchanges over the long term.
- Increases in traffic count requests due to the Oregon Transportation Investment Act (OTIA III) and transportation modeling.
- Salmon Resources and Sensitive Area Mapping Project product requirements are increasing.

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— TRANSPORTATION PROGRAM DEVELOPMENT —

- ODOT may need to adjust programs to reflect plan policies after the adoption of the Oregon Transportation Plan.
- The next generation of a statewide model that incorporates transportation, land use, and economic indicators is in progress.
- The need for analysis and research exceeds available resources.
- Funding shortages at the local level increase demand for support and services from ODOT.
- Freight transportation issues are complex and involve many different stakeholders, all of whom have different perspectives on the freight transportation system. The challenge faced by the Freight Mobility Section is how to best incorporate these freight issues and perspectives into the transportation planning process, which will result in a safe and effective transportation system for the movement of freight and goods.
- Requests for Management Systems and Geographic Information Systems products have dramatically increased due to OTIA III and transportation modeling. This increased demand makes it difficult to meet standard product production dates. We continue to use consultant services to help meet this demand.
- As the department moves to change its approach to the agency work program, it seeks to more inclusively and more effectively engage various stakeholders in the process. This produces a better supported result but it demands a more transparent decision-making process that deals directly with the differing points of view, differing perceptions about the consequences of the choices and differing feelings about how the data relates to the problems at hand. This requires the efforts within the TPD portion of the budget to be better informed, more effectively engaged, achieve higher flexibility in the design of public process, create more publicly visible decision making practices, and make the basis of decision-making more accessible to a wider array of participants without delaying or postponing the delivery of projects and achieve these objectives in a cost effective manner that improves the overall outcome. To do this takes resources and compels the agency to do things differently than in the past. This is not primarily driven by caseload increases, although the number of STIP projects has increased dramatically, rather it is a difference in the way that the public is engaged in project selection, design and outcome.

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 2005–2007 Adopted Program Budget
 — TRANSPORTATION PROGRAM DEVELOPMENT —

PERFORMANCE MEASURES

Transportation Data Section Product Delivery

Percent of custom products meeting due dates:

2000	2001	2002	2003	2004	2005	2006	2007
99%	99%	98%	98%	95%	Goal - 95%	Goal - 95%	Goal - 95%

With current staffing levels and project levels it is anticipated that the number of projects completed by due date (95%) will slip from the level of the recent past.

Transportation System Plans Acknowledgement

Percent of cities, counties and MPOs with an acknowledged transportation system plan in place:

2000	2001	2002	2003	2004	2005	2006	2007
12%	23%	28%	38%	45%	Goal – 51%	Goal – 56%	Goal – 60%

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2005–2007 Adopted Program Budget
— TRANSPORTATION PROGRAM DEVELOPMENT —

BUDGET HIGHLIGHTS

Transportation Program Development Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
Statewide and Regional Studies	\$22,844,607	\$23,917,266	\$29,637,346
Technical Assistance and Coordination	3,296,740	4,351,690	2,713,300
Analysis and Research	24,590,952	28,267,445	24,123,332
STIP Development	4,647,716	4,018,090	4,686,084
Total	\$55,380,015	\$60,554,491	\$61,160,062
Expenditures by Major Revenue Source:			
State	\$55,230,657	\$60,398,003	\$60,973,814
Federal	149,358	156,488	186,248
General Funds	-	-	-
Total	\$55,380,015	\$60,554,491	\$61,160,062
Expenditures by Category:			
Personal Services	\$30,838,913	\$32,920,952	\$31,838,298
Services & Supplies	21,644,605	26,326,610	22,116,523
Capital Outlay	330,898	403,223	363,863
Special Payments	2,565,599	903,706	6,841,378
Total	\$55,380,015	\$60,554,491	\$61,160,062
Positions	234	225	214
Full-Time Equivalent (FTE)	223.76	218.36	207.36

Summary of Changes

The 2005–2007 Legislatively Adopted budget shows a very slight increase from 2003–2005. Salary increases plus the PERS pension bond increase were offset by decreases for the transfer of the Policy Unit to Central Services, and the Transfer of the Access Management Unit to Technical Services.

Central Services Limitation

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— CENTRAL SERVICES —

CENTRAL SERVICES LIMITATION

The Central Services Limitation includes two administrative support divisions—Central Services Division and the Director's Office—providing centralized administrative, support, and managerial services to ODOT's seven operating divisions, the Oregon Transportation Commission, external partners, and stakeholders. Funding for this limitation is provided through internal assessment. Other Funds are the primary source for payment.

CENTRAL SERVICES DIVISION

Financial Services:

- Revenue and Expenditure Accounting (Including apportionment payments to cities and counties);
- 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;
- Policy initiatives and special studies of road use taxes and socioeconomic research;
- Statewide Financial Reporting;
- Budget Development and Execution;
- Innovative Finance, Bonding and Debt Management;
- Oregon Transportation Infrastructure Bank;
- Fuels Tax Administration, Audit and Collections, Administration, Audit and Collection of Local Fuels Taxes for the Counties of Multnomah and Washington, and the Cities of Woodburn, Eugene, Springfield, and Veneta.

Human Resources:

- Labor Relations and Contract Negotiations;
 - Affirmative Action, Equal Employment Opportunity, American's with Disabilities Act and diversity programs;
 - Records Management and Position Control;
 - Recruitment, Selection, and Retention;
-

Oregon Department of Transportation
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— CENTRAL SERVICES —

- Classification and Compensation;
- Training and Development;
- Employee Relations;
- Human Resources Consulting, Customer Assistance and Technical Support.

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;
- Coordination with State Data Center.

Business Services:

- ODOT Procurement Office;
- ODOT Headquarters, Department of Administrative Services Facilities Assessment;
- Records Management and Forms Design;
- Administrative Rules, Delegation Orders, Mail Service.

Deputy Director:

Audit Services

- Independent appraisal activity established to conduct reviews of department operations and procedures;
- Report findings and recommendations to management to supply all levels of management with information to effectively control operations and discharge responsibilities;
- ODOT's internal audit function is required by statute under Oregon Revised Statute 184.639. The function conducts its audit work in accordance with Generally Accepted Government Auditing Standards, and is routinely peer-reviewed by the internal audit offices of other State Department's of Transportation through the American Association of State Highway Transportation Officials (AASHTO);

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Office of Civil Rights (OCR)

- The Office of Civil Rights is responsible for the assurance of equal access, participation, and compliance with affirmative action, equal opportunity, and accessibility;
- Its vision is to provide fair and equitable access to ODOT's economic opportunities, programs, and services;
- The OCR accomplishes compliance through internal and external processes including training, technical assistance, investigations, and on-site reviews;
- Small Business Programs (DBE and ESB), Equal Employment Opportunity, On-the-Job Training, Title VI/Environmental Justice, and Labor Compliance;
- Internal civil rights and Americans with Disabilities Act (ADA) programs in conjunction with Human Resources;

Note: *The Office of Civil Rights budget is split between two limitations. The amount budgeted in the Central Services Limitation (\$849K and 4 FTE) represents OCR programs that benefit the entire department. The OCR programs that exclusively benefit the Highway Division (\$4.4 million and 9 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. The Office of the Director is composed of the ODOT Director, the Chief of Staff, Government Relations and the Office of Employee Safety. The Communications Division, which includes the Communications Administrator, Public Affairs and Employee Communications section, and the Business Management Section, handles and oversees ODOT's internal and external media, educates and provides information about ODOT programs and transportation activities to citizens and dozens of stakeholder groups, and provides administrative support to the Oregon Transportation Commission and ODOT Headquarters.

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— CENTRAL SERVICES —

ISSUES / TRENDS

The most significant factors affecting services are the same factors affecting the entire agency:

- Constrained revenue;
- Increasing costs;
- Competing priorities; and
- Minimizing administrative costs while ensuring management control and information sought by the agency, the legislature, and the public.

Additional specific factors:

- Increased integration of technology into business service delivery. As positions are constrained, technology is used to allow greater number of transactions with the same number of individuals. However, there is a need for increases in amounts of technology and training to use the different skills that are required by the change in technology.
- Increased volume of business transactions. This volume drives both the need for new technology and the need for efficient management of the transactions. It also requires improvements in security for the transactions.
- Aging hardware and software requiring replacement or upgrades—as older equipment wears out, it requires greater maintenance and replacement with new technology. Older software is more difficult to maintain and requires more expensive support. Some of these systems will relocate in the State Data Center.
- New service delivery mechanisms such as the Internet—as programs move to the internet, security, payment methods, and complexity of the programs themselves require a greater use of resources.
- Transaction volume through ODOT's financial systems is increasing dramatically, in large part due to the requirements of the OTIA program. An increasing volume of transactions necessitates a corresponding increase in training programs around the state combined with an increased emphasis upon appropriate internal controls and segregation of duties.

There is a continuously increasing demand by the public, businesses, and stakeholders for instantaneous information 24 hours a day.

Oregon Department of Transportation
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— CENTRAL SERVICES —

PERFORMANCE MEASURES

Financial Services

Payments processed timely (percent processed by due date or seven days):

2003 = 98%
2004 = 100%
Goal = 100%

Information Systems

Availability of Data Lines, Mainframe, Web Site, Network, e-mail and DMV applications
(Percent Uptime):

2003 = 99.9%
2004 = 99.9%
Goal = 99.0%

The goal, which is slightly less than the actuals for the prior years, reflects contracts and guarantees in place with utility providers and others.

Human Resources

Time to fill a position vacancy (percent of the time a qualified applicant pool is delivered to the hiring manager occurs within six weeks of receipt of request to fill vacancy):

2003 = 96%
2004 = 97%
Goal = 95%

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— CENTRAL SERVICES —

Delivery of training compared to Oregon Benchmark goal for number of hours of training received by each employee; percent of all employees to receive 20 plus hours of training each year:

2003 = 47%
2004 = 47%
Goal = 50%

Support Services: Business Services

Purchasing and Contract Management Program; Percent of all contracts/procurements which were completed within published time standards of 30 days for work orders and amendments, 90 days for request for proposals and 75 days for sole source or direct purchase:

2003 = 53%
2004 = 71%
Goal = 100%

Internal Audit Services

Percent of “billable time” compared to total hours worked:

2003 = 65.2%
2004 = 69.3%
Goal = 75.0%

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— CENTRAL SERVICES —

Central Services Division

Customer Satisfaction Survey; Percent of Responses that were “Good” or “Excellent”:

2002 and prior	= 76.3%
2003	= 84.59%
2005	= 63.98%
Goal	= 75.0%

Communication Division

Case Tracking (Citizens Representative Program) percent of on-time cases (within 5 days):

2004	= 97%
2005	= 96% (Estimated)
Goal	= 100%

Civil Rights

Disadvantaged Business Enterprise (DBE): including minority-owned and women-owned firms on highway construction projects;

- ODOT awarded 208 contracts totaling \$27,490,630 to DBE firms during fiscal year 2003, 10.63 percent of the awarded highway construction dollars.
- For fiscal year 2004, ODOT awarded 177 contracts totaling \$39,735.04, to DBE firms, 12.05 percent of the awarded highway construction dollars.

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 — CENTRAL SERVICES —

BUDGET HIGHLIGHTS

Central Services Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
ODOT Headquarters	\$7,223,731	\$7,248,661	\$6,958,282
Deputy Director	2,358,632	2,370,200	2,748,481
Financial Services	18,286,705	18,835,624	22,237,901
Human Resources	9,267,356	9,433,806	9,630,487
Information Services	60,209,484	64,270,089	73,332,189
Business Services	6,601,373	7,241,016	7,643,610
Total	\$103,947,281	\$109,399,396	\$122,550,950
Expenditures by Major Revenue Source:			
State	\$103,902,036	\$109,366,993	\$122,494,616
Federal	45,245	32,403	56,334
Total	\$103,947,281	\$109,399,396	\$122,550,950
Expenditures by Category:			
Personal Services	\$68,192,548	\$70,310,055	\$76,616,363
Services & Supplies	33,715,618	36,552,271	44,133,546
Capital Outlay	2,039,115	2,537,070	1,326,868
Special Payments	-	-	474,173
Total	\$103,947,281	\$109,399,396	\$122,550,950
Positions	502	492	490
Full-Time Equivalent (FTE)	496.08	489.46	489.00

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— CENTRAL SERVICES —

Summary of Changes

The 2005–2007 Adopted budget is 12 percent higher than 2003–2005 expenditures. The 2005–2007 increase is primarily the result of increase State Government Services Charge increases of 42 percent, thus leading to increase in services and supplies spending of 21 percent. A majority of the increase in State Government Service Charges is in Information Systems, where the charges have increased by 98 percent. Personal Services Expenditures are up a modest 8.9 percent.

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**

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. In the 2003–2005 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. During the 2003–2005 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.

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. Expenses for rate hearings are paid by the parties to the hearings. 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
 2005–2007 Adopted Program Budget
 — BOARD OF MARITIME PILOTS —

ISSUES / TRENDS

- Increasing costs in the face of stagnant revenue because the board is funded solely by license fees;
- Members are expected to serve as representatives of the board on other industry committees; and
- Federal mandates regarding port security and access.

PERFORMANCE MEASURES

The number of prospective women and/or minority applicants participating in all Board of Maritime Pilots outreach programs per year.

2001	2002	2003	2004	2005	2006	2007
no data	no data	no data	no data	Goal - 50	Goal – 75	Goal - 100

The percent of the qualified maritime pilot applicant pool each year that are women or minorities.

2001	2002	2003	2004	2005	2006	2007
3%	3%	3%	3%	Goal – 5%	Goal – 6%	Goal – 7%

The percent of maritime pilots each year that are women or minorities.

2001	2002	2003	2004	2005	2006	2007
4%	4%	4.5%	4.5%	Goal – 5%	Goal – 6%	Goal – 7%

Oregon Department of Transportation
 2005–2007 Adopted Program Budget
 — BOARD OF MARITIME PILOTS —

BUDGET HIGHLIGHTS

Board of Maritime Pilots Expenditures

	2001–2003 Actuals	2003–2005 Actual	2005–2007 Adopted
Programs			
Licensing, Training and Education	\$211,403	\$248,350	\$208,742
Rate Hearings (non-limited)	58,721	25,411	0
Total	\$270,124	\$273,761	\$208,742
Expenditures by Major Revenue Source:			
State (Other)	\$270,124	\$273,761	\$208,742
Total	\$270,124	\$273,761	\$208,742
Expenditures by Category:			
Personal Services	\$128,425	\$136,335	\$106,136
Services & Supplies	141,699	137,426	102,606
Total	\$270,124	\$273,761	\$208,742
Positions	1	1	1
Full-Time Equivalent (FTE)	1.00	1.00	0.71

Non-Limited Loan Fund

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— NON-LIMITED LOAN FUND —

Non-Limited Loan Funds

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

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

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
 2005–2007 Adopted Program Budget
 — NON-LIMITED LOAN FUND —

BUDGET HIGHLIGHTS

Non-Limited Program Expenditures

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
Programs			
*Operations:			
Traffic Signal Unit	\$2,022,548	-	-
Reimbursables	-	-	-
*Support Services:			
Fleet & Facilities Management	26,992,355	-	-
Supply Operations	4,118,503	-	-
Reprographics	1,389,581	-	-
Loan Funds:			
Loan Funds	6,422,091	8,630,519	\$17,663,632
*Loan and Debt Management	49,652,417	-	-
West Side Light Rail Refunding	62,040,770	-	-
Total	\$152,638,265	\$8,630,519	\$17,663,632
Expenditures by Category:			
Personal Services	\$18,092,902	-	-
Services & Supplies	17,078,342	-	-
Capital Outlay	89,554	-	-
Special Payments	6,195,829	\$8,630,519	\$17,663,632
Debt Service	111,181,638	-	-
Total	\$152,638,265	\$8,630,519	\$17,663,632

Positions	175	0	0
Full-Time Equivalent (FTE)	175.00	0.00	0.00

* These programs were moved to the Highway Division and Limited Debt Service Program during the 2005 Legislative session. See "Summary of Changes".

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— NON-LIMITED LOAN FUND —

SUMMARY OF CHANGES

Non-Limited Operations

The 2005 Legislature determined that the expenditures of this program do not meet the criteria for Non-Limited authority. The program was transferred to the Highway Division Maintenance program. Resulting in a reduction of \$13,095,439 Other Funds Nonlimited and the transfer of 42 positions (42.00 full-time equivalent) to the Highway Division Maintenance program.

Non-Limited Support Services

The 2005 Legislature determined that the expenditures of this program do not meet the criteria for Non-Limited authority. The program was transferred to the Highway Division Maintenance program, resulting in a reduction of \$37,899,298 Other Funds Nonlimited and the transfer of 150 positions (150.00 full-time equivalent) to the Highway Division Maintenance program.

Non-Limited Debt Service and Loan Fund (Renamed Non-Limited Loan Fund)

The 2005 Legislature determined that Debt Service is not an unpredictable expense, thus the expenditure limitation associated with Other Funds Debt Service should be reclassified as Limited. The Other Funds Debt Service (\$147,684,826) and Services and Supplies (\$112,486) expenditures were transferred to the Lottery Debt Service program unit (renamed Debt Service), resulting in a reduction in this program unit of \$147,796,826 Other Funds Nonlimited. The remaining Non-Limited expenditure limitation is related solely to the Non-Limited Infrastructure Loan program.

Capital Improvement
and
Capital Construction

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— Capital Improvement and Capital Construction —

CAPITAL 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 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 staff manage the projects; private contractors complete them.

Oregon Department of Transportation
 2005–2007 Adopted Program Budget
 — Capital Improvement and Capital Construction —

BUDGET HIGHLIGHTS

Capital Improvement and Capital Construction

	2001–2003 Expenditures	2003–2005 Expenditures	2005–2007 Adopted
Capital Improvement	\$2,284,466	\$2,507,809	\$2,590,689
Capital Construction*:			
Planning	0	\$200,000	0
Ontario District 14 Office Building	\$200,000	0	0
Ona Beach Maintenance Station	250,000	0	0
Eugene/Springfield Maintenance Station	300,000	0	0
Lake of the Woods Maintenance Station	250,000	800,000	0
Sylvan Maintenance Station	0	1,600,000	\$2,200,000
Total	\$3,284,466	\$5,107,809	\$4,790,689

*To remain consistent with Department of Administrative Services Budget and Management Division rules, the amounts shown for Capital Construction in 2001-2003 and 2003-2005 are the budgeted amounts not actual expenditures.

+The 2005-2007 Legislatively Adopted budget for Capital Construction is contained in Senate Bill 5504.

Debt Service

Oregon Department of Transportation
2005–2007 Adopted Program Budget
— DEBT SERVICE —

DEBT SERVICE

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.

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. The bond issue was partially refunded in 2004 (2004 B) with the debt service payments scheduled to continue through November 2020. Note: additional refunding is scheduled for 2005 (2005 B)

Oregon Transportation Investment Act (OTIA)

The 2001 Session of the Oregon Legislature approved (OTIA I - \$400 million) and the February 2002 Special Session (OTIA II - \$100 million) totaling \$500 million in bonding authority. The bond proceeds are used for modernization and preservation projects.

The 2003 Session approved an additional bonding authority of \$1.9 billion. These bond proceeds are to be used for the following purposes:

- \$1.3 billion to repair and replace state bridges:
- \$300 million for local bridges:
- \$300 million for modernization projects.

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2005–2007 Adopted Program Budget
— DEBT SERVICE —

Current and estimated bonding for OTIA:

2001 Oregon Transportation Investment Act (OTIA I and II)

In June 2002, \$225 million in net proceeds were issued to fund OTIA I construction projects. In July 2004 these were partially refunded (2004 B). Debt service payments on the refunded portion are scheduled to continue through June 2019. Note: additional refunding is scheduled for 2005 (2005 B)

During the 2005–2007 biennium it is estimated that the department will bond approximately \$210 million. Dates and amount of bond issues will continue to be adjusted as needed to cover construction expenses.

2003 Oregon Transportation Investment Act (OTIA III)

In July 2004, \$300 million in net proceeds were issued for the Local Bridge OTIA III construction projects. Debt service payment will continue until November 2028.

During the 2005-2007 biennium it is estimated that the department will bond approximately \$350 million. Dates and amount of bond issue will continue to be adjusted as needed to cover construction expenses.

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 a 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.

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— DEBT SERVICE —

Short Line Loans and Assistance

The 2001 Legislature authorized the Short-Line Railroad Infrastructure Assistance Program. In April 2002 \$2.1 million in bonds were issued. These bonds were partially refunded with the South Metro 2002 series. The un-refunded portion debt service payments are scheduled to continue until April 2014 and the refunded portion until April 2018.

The 2003 Legislature authorized an additional \$2 million in bonds for this program. The bonds were issued in 2004. Debt service payments are scheduled to continue until April 2019.

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 during the 2005 – 2007 biennium. The 2002 bonds were partially refunded with the Short Line 2002 bonds. The un-refunded portion debt service payments are scheduled to continue until April 2014 and the refunded portion until April 2018.

Industrial Rail Spur Infrastructure

The 2003 Legislative Assembly authorized \$8 million in lottery bonds to fund industrial rail spur infrastructure improvements. The first \$4 million of bonds were issued in August 2004 and the final \$4 M were issued in March of 2005. Debt service payments are scheduled to continue until April 2019 and 2020.

Oregon Department of Transportation
 2005–2007 Adopted Program Budget
 — DEBT SERVICE —

BUDGET HIGHLIGHTS

DEBT SERVICE EXPENDITURES

	2001–2003 Actuals	2003–2005 Actuals	2005–2007 Adopted
General Obligation Bonds	\$2,257,550	\$1,984,245	-
Lottery Bond Refunding	62,040,770	-	-
<u>Revenue Bonds:</u>			
Highway User Tax	\$8,880,981	\$8,096,624	\$7,486,008
OTIA	33,813,337	48,038,034	138,557,644
Bond Refunding		113,569,859	
<u>Lottery Bonds:</u>			
Westside Light Rail	\$17,805,446	\$19,928,618	\$19,932,040
Short Line Railroads	100,057	590,593	812,045
Industrial Spur–Rail	-	340,836	1,417,987
South Metro Commuter Rail	9,910	43,397	-
<u>Certificates of Participation:</u>			
Road graders (Highway)	\$2,547,875	-	-
DMV Headquarters Building	1,641,125	1,639,125	1,640,688
Total	\$129,097,051	\$194,231,331	\$169,846,412
Summary by Revenue Source:			
State Funds	\$111,181,638	\$173,327,887	\$147,684,340
Lottery Funds	17,915,413	20,903,444	22,162,072
Total	\$129,097,051	\$194,231,331	\$169,846,412

APPENDIX A

Statewide Transportation Improvement Program (STIP) Project Selection and Delivery

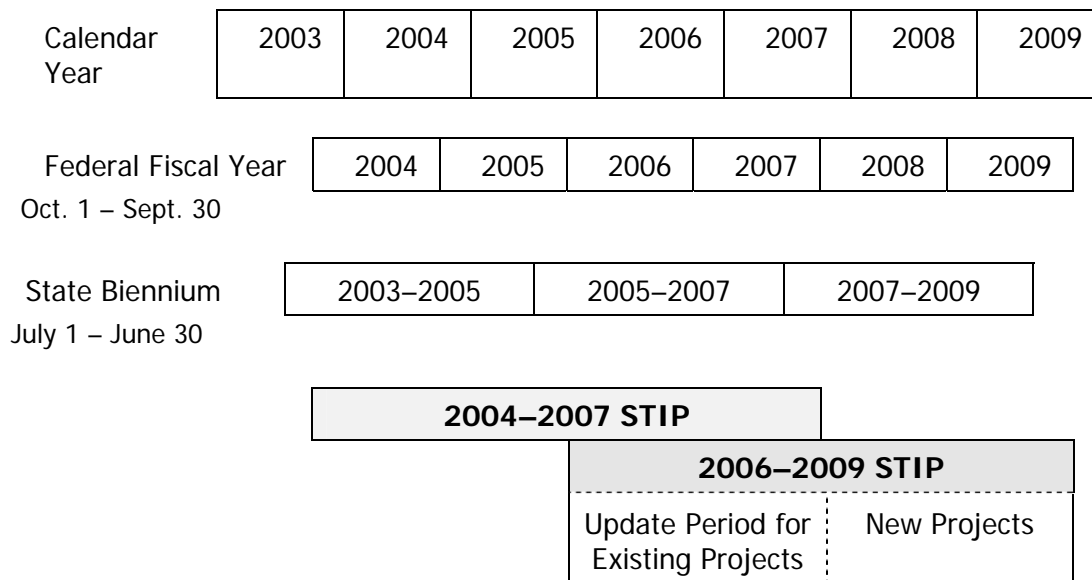
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 2005–2007 Adopted Program Budget
 — STIP PROJECT SELECTION AND DELIVERY —

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 2006–2009. It includes project commitments carried forward from the 2004–2007 STIP for the years 2006 and 2007.



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.

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

Construction 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. Construction Engineering (CE) is the management of this.

Construction Engineering 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.

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;

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— STIP PROJECT SELECTION AND DELIVERY —

- 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; and
- 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.

PROJECT SELECTION PROCESS

State projects in the STIP are identified and prioritized using planning processes described in the 1998 federal transportation funding act, TEA-21 (Transportation Equity Act for the 21st Century) and continued in the 2005 funding act, SAFETEA-LU (Safe, Accountable, Flexible and Efficient Transportation Highway Act: A Legacy for Users).

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.

ODOT regions use the project lists developed through these systems and apply localized in-the-field knowledge supplemented with input from Area Commissions on

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2005–2007 Adopted Program Budget
— STIP PROJECT SELECTION AND DELIVERY —

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 the 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 Chapter 1, Part 450, Subpart C] state that:

- MPOs shall be involved on a cooperation basis for portions of the STIP affecting metropolitan planning areas;
- 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
2005–2007 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.

	2001–2003 Expenditures		2003–2005 Estimate		2005–2007 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 staff positions;
- First and second levels of division and region management and all related support staff;
- Financial Services (except Fuels Tax Audit/Collection Units);
- Information Services (except Application Development);
- Human Resources; and
- 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;

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2005–2007 Adopted Program Budget
— ESTIMATED ADMINISTRATIVE COSTS —

- Safety or award dinners;
- Clerical or office support for all administrative activities; and
- Fines and penalties.

APPENDIX C

Adopted Policy Package
Summary

Oregon Department of Transportation
2005–2007 Adopted Program Budget
 — POLICY PACKAGE SUMMARY —

	POS	FTE	Total Funds	Other Funds	Federal Funds	General Funds
#070: Revenue Shortfall						
Highway Division	(2)	(2.00)	\$ (408,400)	\$ (408,400)	\$ 0	\$ 0
Motor Carrier Transportation Division	0	(0.40)	(1,902,533)	(67,613)	(1,834,920)	0
Public Transit Division	0	0.00	(84,000)		(84,000)	0
Rail Division	(2)	(2.00)	(13,392,400)	(5,392,400)	(8,000,000)	0
BOMP	0	(0.29)	(66,320)	(66,320)	0	0
#070 Total	(4)	(4.69)	\$ (15,853,653)	\$ (5,934,733)	\$ (9,918,920)	\$ 0
#090: LFO Adjustments - Smart Buy						
Highway Division	0	0.00	\$ (933,405)	\$ (933,405)	\$ 0	\$ 0
Driver & Motor Vehicle Services	0	0.00	(321,545)	(321,545)	0	0
Motor Carrier Transportation Division	0	0.00	(284,893)	(278,253)	(6,640)	0
Transportation Program Development	0	0.00	141,052	143,063	(2,011)	0
Public Transit Division	0	0.00	(9,341)	(3,052)	(6,289)	0
Rail Division	0	0.00	(8,924)	(7,539)	(1,385)	0
Transportation Safety Division	0	0.00	(34,299)	(10,287)	(24,012)	0
Central Services Division	0	0.00	(693,837)	(692,775)	(1,062)	0
BOMP	0	0.00	(2,131)	(2,131)	0	0
Non-Limited Programs (NL Other Funds)	0	0.00	(119,300)	(119,300)	0	0
#090 Total	0	0.00	\$ (2,266,623)	\$ (2,225,224)	\$ (41,399)	\$ 0
#095: CNIC						
Central Services Division	0	(16.83)	\$ 0	\$ 0	\$ 0	\$ 0
#101: Highway EPA Regulations						
Highway Division	0	0.00	\$ 1,500,000	\$ 1,500,000	\$ 0	\$ 0
#102: ODOT Facilities						
Capital Construction	0	0.00	\$ 2,200,000	\$ 2,200,000	\$ 0	\$ 0
Highway Division (Revenue Transaction)	0	0.00	0	0	0	0
#102 Total	0	0.00	\$ 2,200,000	\$ 2,200,000	\$ 0	\$ 0
#104: Cape Blanco						
Highway Division	(1)	(1.00)	\$ (83,877)	\$ (83,877)	\$ 0	\$ 0

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	POS	FTE	Total Funds	Other Funds	Federal Funds	General Funds
#105: Access Management						
Highway Division	5	5.00	\$ 767,729	\$ 767,729	\$ 0	\$ 0
#106: OIPP/Freight Manager						
Highway Division	2	2.50	\$ 291,720	\$ 291,720	\$ 0	\$ 0
Motor Carrier Transportation Division	(1)	(1.00)	\$ (159,556)	\$ (159,556)	\$ 0	\$ 0
Central Services Division	(2)	(1.50)	\$ (243,627)	\$ (243,627)	\$ 0	\$ 0
#106 Total	(1)	0.00	\$ (111,463)	\$ (111,463)	\$ 0	\$ 0
#201: DMV Service Levels						
Driver & Motor Vehicle Services	0	0.00	\$ 1,166,700	\$ 1,166,700	\$ 0	\$ 0
#204: Merchant Fees						
Driver & Motor Vehicle Services	0	0.00	\$ 571,260	\$ 571,260	\$ 0	\$ 0
#205: Digital Photo						
Driver & Motor Vehicle Services	0	0.00	\$ 529,249	\$ 529,249	\$ 0	\$ 0
#206: DMV Trainers						
Driver & Motor Vehicle Services	3	2.75	\$ 371,218	\$ 371,218	\$ 0	\$ 0
Central Services Division	(3)	(2.75)	\$ (374,034)	\$ (374,034)	\$ 0	\$ 0
#206 Total	0	0.00	\$ (2,816)	\$ (2,816)	\$ 0	\$ 0
#207: SSN Verification						
Driver & Motor Vehicle Services	0	0.00	\$ 245,934	\$ 0	\$ 245,934	\$ 0
#301: MCTD IRM Plan Restoration						
Motor Carrier Transportation	0	0.00	\$ 400,000	\$ 400,000	\$ 0	\$ 0
#401: Transp Growth Mgmt–DLCD						
Transportation Program Development	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0
#402: Statewide Consistency						
Transportation Program Development	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0
#406: Freight Mobility						
Transportation Program Development	1	1.00	\$ 128,456	\$ 128,456	\$ 0	\$ 0
Rail Division	(1)	(1.00)	\$ (128,456)	\$ (128,456)	\$ 0	\$ 0
#406 Total	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0

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	POS	FTE	Total Funds	Other Funds	Federal Funds	General Funds
#413: Category Shift - Error Correction						
Public Transit Division	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0
#421: Willamette Valley Passenger Rail						
Rail Division	0	0.00	\$ 5,017,600	\$ 400,000	\$ 0	\$ 4,617,600
#422: Rail Crossing & Safety Inspection Mgmt Sys						
Rail Division	0	0.00	\$ 450,000	\$ 450,000	\$ 0	\$ 0
#471: Employee Reclass						
Transportation Program Development	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0
#472: IT Infrastructure Upgrade						
Central Services Division	0	0.00	\$ 1,052,630	\$ 1,052,630	\$ 0	\$ 0
Public Transit Division	0	0.00	4,472	4,472	0	0
Rail Division	0	0.00	5,730	5,730	0	0
#472 Total	0	0.00	\$ 1,062,832	\$ 1,062,832	\$ 0	\$ 0
#473: Contractors for Support of Business Systems						
Central Services Division	0	0.00	\$ 2,935,000	\$ 2,935,000	\$ 0	\$ 0
Public Transit Division	0	0.00	8,492	8,492	0	0
Rail Division	0	0.00	8,078	8,078	0	0
#473 Total	0	0.00	\$ 2,951,570	\$ 2,951,570	\$ 0	\$ 0
#495: SB 333 Fee Ratification						
Highway Driver & Motor Vehicle Services	2	2.00	\$ 480,807	\$ 480,807	\$ 0	\$ 0
Motor Carrier Transportation	0	0.00	0	0	0	0
Rail Division	0	0.40	67,633	67,633	0	0
Rail Division	2	2.00	374,800	374,800	0	0
#495 Total	4	4.40	\$ 923,240	\$ 923,240	\$ 0	\$ 0

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	POS	FTE	Total Funds	Other Funds	Federal Funds	General Funds
#801 LFO Analyst Adjustments & #804: Assessment and Rate Adjustments						
Highway Driver & Motor Vehicle Services	0	0.00	\$ (2,279,900)	\$ (2,279,900)	\$ 0	\$ 0
Motor Carrier Transportation Program Development	0	0.00	(645,304)	(645,304)	0	0
Transportation Program Development	0	0.00	(406,938)	(400,268)	(6,670)	0
Public Transit Division	0	0.00	(268,641)	(267,809)	(832)	0
Rail	0	0.00	(926)	(721)	(205)	0
Rail	0	0.00	42,196,402	42,196,402	0	0
Transportation Safety Division Debt Service (Lottery Funds)	0	0.00	(22,378)	(14,520)	(7,858)	0
BOMP	0	0.00	(8,338,418)	(8,338,418)	0	0
BOMP	0	0.00	(4,396)	(4,396)	0	0
Central Services Division	0	0.00	1,182,535	1,182,535	0	0
Non-Limited Programs	0	0.00	7,500,000	7,500,000	0	0
#801 / #804 Total	0	0.00	\$ 38,912,036	\$ 38,927,601	\$ (15,565)	\$ 0
#802: Ways and Means Adjustments						
Highway	157	157.00	\$ (21,053)	\$ (21,053)	\$ 0	\$ 0
Debt Service	0	0.00	\$ 147,796,826	\$ 147,796,826	\$ 0	\$ 0
BOMP	0	0.00	\$ 0	\$ 0	\$ 0	\$ 0
Non-Limited Programs	(156)	(156.00)	(198,791,563)	(198,791,563)	0	0
#802 Total	1	1.00	\$ (51,015,790)	\$ (51,015,790)	\$ 0	\$ 0
#803: Vacancy Savings						
Highway Driver & Motor Vehicle Services	0	0.00	\$ (1,457,604)	\$ (1,457,604)	\$ 0	\$ 0
Motor Carrier Transportation Program Development	0	0.00	(360,192)	(360,192)	0	0
Transportation Program Development	0	0.00	(331,656)	(328,339)	(3,317)	0
Public Transit Division	0	0.00	(214,080)	(214,080)	0	0
Rail	0	0.00	(41,320)	(24,792)	(16,528)	0
Rail	0	0.00	(59,402)	(35,641)	(23,761)	0
Transportation Safety Division	0	0.00	(6,784)	(4,070)	(2,714)	0
Central Services Division	0	0.00	(638,864)	(638,864)	0	0
#803 Total	0	0.00	\$ (3,109,902)	\$ (3,063,582)	\$ (46,320)	\$ 0
#840: Biometric Data (SB 640)						
Driver & Motor Vehicle Services	0	0.00	\$ 298,000	\$ 298,000	\$ 0	\$ 0

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	POS	FTE	Total Funds	Other Funds	Federal Funds	General Funds
ODOT TOTAL:						
Highway Division	163	163.50	\$ (2,143,983)	\$ (2,143,983)	\$ 0	\$ 0
Driver & Motor Vehicle Services Division	3	2.75	1,855,320	1,609,386	245,934	0
Motor Carrier Transportation Division	(1)	(1.00)	(2,617,943)	(766,396)	(1,851,547)	0
Transportation Program Development	1	1.00	(213,213)	(210,370)	(2,843)	0
Public Transit Division	0	0.00	(122,623)	(15,601)	(107,022)	0
Rail Division	(1)	(1.00)	34,463,428	37,870,974	(8,025,146)	4,617,600
Transportation Safety Division	0	0.00	(63,461)	(28,877)	(34,584)	0
Central Services Division	(5)	(21.08)	3,219,803	3,220,865	(1,062)	0
Capital Construction	0	0.00	2,200,000	2,200,000	0	0
BOMP	0	(.29)	(72,847)	(72,847)	0	0
Non-Limited Programs	(156)	(156.00)	(191,410,863)	(191,410,863)	0	0
Lottery Debt Service	0	0	139,458,408	139,458,408	0	0
Total	4	(12.12)	\$ (15,447,974)	\$ (10,289,304)	\$ (9,776,270)	\$ 4,617,600