

HOUSE COMMITTEE ON TRANSPORTATION

January 24, 2001
9:00 AM

Hearing Room D
Tapes 12 - 14

MEMBERS PRESENT: **Rep. Bruce Starr, Chair**
 Rep. Alan Brown, Vice-Chair
 Rep. Jeff Merkley, Vice-Chair
 Rep. Richard Devlin
 Rep. Jeff Kropf
 Rep. Donna Nelson
 Rep. Diane Rosenbaum
 Rep. Joanne Verger
 Rep. Cliff Zauner

MEMBER EXCUSED:

STAFF PRESENT: **John Leon, Committee Administrator**
 Kate Campeau, Committee Assistant

MEASURE/ISSUES HEARD: **Update on Implementation of SB 614 (1999)**

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE 12 A

010	Chair Starr	Calls meeting to order at 9:00 a.m.
<u>UPDATE ON IMPLEMENTATION OF SB 614 (1999)</u>		
020	Mike Marsh	Executive Deputy Director, Oregon Department of Transportation (ODOT). Submits written material (EXHIBIT A) and gives an update on implementation of SB 614 (1999) which requires cost accounting actions: <ul style="list-style-type: none">• ODOT must develop full cost accounting system;• ODOT must report full costs;• ODOT must report other information.
090	Chair Starr	Asks if it is possible to identify what additional costs have been incurred by ODOT doing process of identification.
100	Marsh	Answers that direct costs are approximately \$1 million dollars; Indirect costs are yet to be calculated.
101	Rep. Nelson	Asks for clarification from Chair Starr if he was asking how much this new system is costing and when did this begin.
105	Chair Starr	Answers that he asked what was the additional cost since last session as ODOT has gone through implementation of this bill, what was the additional cost since the last session.
108	Marsh	Explains that in current biennium ODOT is expecting over a million dollars for this project. States that ODOT is not putting in an extensive system such as Washington has initiated, which costs at least \$8 million dollars.
128	Marsh	Continues with testimony.
133	Rep. Nelson	Asks what is the total administrative burden for ODOT.
136	Marsh	Answers that it varies by organizational unit and notes that last

		biennium it was estimated at around 15%.
179	Rep. Kropf	Asks what is ODOT's true overhead cost. Asks where Oregon will rank as a state in terms of overall administrative costs.
185	Marsh	Answers that it is very hard to get that information among states.
214	Rep. Kropf	Agrees with Mr. Marsh's assessment of situation. Asks about accounting procedure for Highway 34 project.
220	Marsh	Answers with explanation of accounting process that makes it possible to give cost of each project.
251	Marsh	Continues testimony. Offers that there are federal directives on subject. Notes that there are guidelines about how to do this type of work. Comments on the requirements of the bill, which are significantly beyond what is in the bill itself.
296	Rep. Nelson	Asks prior to this how did ODOT allocate their project costs.
298	Marsh	Answers that costs have been tracked and are used appropriately.
		States that ODOT has not done business case of making comparison to show performance within those costs. Notes that most public sector entities do not do this, but ODOT is doing this now.
324	Chair Starr	States appreciation for ODOT's conservative approach.
328	Grace Crunican	Director, Department of Transportation (ODOT). Gives quick overview of the budget.
351	Mike Marsh	Executive Deputy Director, Department of Transportation (ODOT). Submits written material (EXHIBIT B) and gives overview of 2000-2001 budget.
469	Chair Starr	Asks what dollar amount of federal funds can ODOT not match.
490	Marsh	States that within the standard dollar amount that comes from the federal government, ODOT is not at a point where federal funds cannot be matched.
TAPE 13, A		
067	Crunican	Explains further that in 1997 Congress passed TEA-21, the Transportation Equity Act. Discusses funding areas and recommends that federal funds and state funds be dealt with in the same way.
077	Chair Starr	Asks clarification that as far as being able to put a dollar amount, ODOT is not there yet.
080	Crunican	States that is correct.
090	Chair Starr	Asks if ODOT is in trouble on the federal level, specifically that if the state gas tax has gone down the ability for congressional representatives to lobby for additional revenue diminishes.
095	Crunican	Responds that this will be the case in the future but presently Oregon is still okay.
100	Marsh	Summarizes that for standard formula driven monies, Oregon is not seeing loss of match.
109	Rep. Nelson	Asks for clarification of what federal funds we are not getting.
116	Crunican	We have not received any federal funds to date that we cannot match. Notes that the state will reach a point where federal funds cannot be matched, or will be federalizing programs. Reports that this basically will supplant state funds with federal funds.
120	Rep. Nelson	Asks for clarification that if the cost of complying with the federal standards versus state standards is much greater and could be one reason why ODOT does not want to get every federal dollar it needs.
125	Crunican	States that is correct. Points out that the highway department

		wants to use federal dollars for modernization and use state funds for preservation projects.
130	Rep. Kropf	Expresses much distress on Director Crunican's departure from ODOT.
138	Crunican	Thanks Rep. Kropf for his support.
148	Rep. Kropf	Asks why can't Oregon go to federal government and ask for waivers from federal standards.
157	Marsh	Answers that engineering standards are very difficult to waive. Environmental restraints that are peculiar to each area, etc.
179	Marsh	Continues testimony by discussing motor fuel taxes, federal reimbursements and federal funds.
300	Rep. Nelson	Asks if right-of-way acquisition dollars are in the budget.
310	Marsh	Answers that they are.
333	Rep. Nelson	Asks if the numbers are divided by ODOT region, but only in that program will dollars be found.
340	Marsh	Answers that an estimate of right-of-way expenditures that are expected for next biennium and by region.
345	Rep. Rosenbaum	Asks if on expenditure side the General Fund money for transit and rail is what we have to contribute in order to access federal funds to complete the state match.
359	Marsh	Answers that monies were to make enhancements to rail and transit programs.
369	Rep. Nelson	Asks if in ODOT budget it is possible to designate what matching funds are in each category.
382	Marsh	Answers that he will be able to find what proportion is matched in each category.
390	Rep. Nelson	Also asks if it is possible to get comparison of the change of past biennium to previous biennium in each category as well as total allocation.
393	Marsh	Answers that current biennium request is possible, but not sure about history.
424	Chair Starr	Asks when a new highway is built and a certain amount of dollars is spent to comply with environmental regulations, does the cost associated with that come out of a General Fund or overall budget for that project.
430	Marsh	Answers that standard work will come out of project category.
444	Chair Starr	Asks if it's possible to delineate the cost of those environmental regulations.
448	Marsh	Answers that there is an estimate of "perceived to be" environmental costs, which is \$35 million a year.
454	Rep. Nelson	Asks if that figure is for all programs.
459	Marsh	Answers that all mandates were itemized in the report.
460	Rep. Nelson	Asks if local and state mandates could be showed.
TAPE 12 B		
069	Marsh	Clarifies that total amount is \$127 million and then states the purpose of the division.
075	Rep. Verger	Asks for information on what was saved by closure of DMV offices and also asks if there are numbers to determine the viability of those closures.
081	Marsh	Answers that he can provide that information.
087	Rep. Devlin	Asks if there is a copy of the cost analysis/recovery analysis and the Attorney General's opinion.
105	Marsh	Answers that he can provide that information. States that the Attorney General's opinion is due out next week.

111	Rep. Devlin	Asks if DMV is tracking uninsured motorists and potential improvements. Asks what progress has been made in that area.
130	Marsh	States that he will bring that information to the committee.
168	Marsh	Continues testimony regarding cigarette tax revenue transfer as well as transportation development reductions, rail division, and safety.
171	Rep. Nelson	Asks if there is funding for maintenance of safety corridors.
186	Marsh	Answers that it is overstatement to say there is no funding available for safety corridors. States that the Highway Program portion deals with engineering about safety corridors not the Transportation Safety Division and a significant increase has been put into the safety program. Notes that there is an educational element involved in focus on safety corridors and states he will provide more information about how this focus and performance information on safety corridors.
193	Rep. Rosenbaum	Comments that safety corridors are a good example of public and private partnerships and interagency agreements, noting Highway 22 as example of this partnership.
198	Marsh	Concurs that this is a good way to increase public awareness due to enforcement and engineering. States he will supply information that shows that positive impact is taking place.
204	Rep. Nelson	Adds that Highway 18 is a perfect example of public/private partnership. Stresses that safety is maintained.
227	Marsh	Continues with comments on Central Services. Notes that budget incurred 2.4% reduction; but it is expected that the minimum level of service will continue to be provided. Highlights budgetary items: <ul style="list-style-type: none"> • Non-limited internal services; • Other payments: pay light rail debt service, (\$20 million); capital improvements (short \$3 million); minimum ending balance for salary increases and other expenditures that may arise.
280	Rep. Nelson	Asks for clarification of ending balance fund and whether the \$109million has potential to be applied to new projects rather than projects listed on STIP.
299	Marsh	Responds no.
330	Nelson	States appreciation for vast responsibilities in accountability.
340	Chair Starr	Compares budgets noting the \$78 million from State Highway Gas Tax Fund and yet \$44 million down in modernization. Asks for clarification.
311	Marsh	Answers that highway program reduction is because of modernization. The largest reduction within the highway program is the modernization reduction, which has gone down from \$268 million to \$189 million.
310	Chair Starr	Asks if money has been shifted to maintenance preservation.
315	Marsh	Answers that the amount of preservation has gone up \$31 million and the amount for maintenance is “flat”. The amount for bridge maintenance has gone up \$15 million and the construction total for has gone up. States that for the entire highway division, it is basically “flat”.
344	Rep. Verger	Comments that part of the shift from modernization to preservation and maintenance has come through the STIP recommendation. States that ODOT didn’t just decide to make

		that shift.
354	Marsh	Confirms that ODOT is going through the STIP process right now.
442	Jason Tell	Federal Affairs Analyst, Oregon Department of Transportation. Submits written material (EXHIBIT C) and discusses the process and apportionment of federal dollars. Focuses on the federal and state relationship of transportation.
TAPE 12, B		
074	Chair Starr	What is the percent of federal dollars in TEA 21 specifically earmarked for transit.
080	Tell	Answers that 80% is going to highways and 20 % to transit. States he will verify those figures.
084	Rep. Nelson	Asks of what dollar amount.
090	Tell	Answers that on the federal level the transit program nationally is over \$3 billion a year. Notes that Oregon is getting about \$30 million a year from the formula funds which are broken out into operating assistance for rural areas, for larger transit districts and capital portion which is dedicated to improvements.
096	Rep. Nelson	Asks that on the highway 80% is equivalent to what amount.
103	Tell	Answers that period of current federal bill (TEA-21) 1998-2003, Oregon is averaging about \$290 million a year in federal highway funds.
105	Rep. Nelson	Asks if this is an increase over the previous five years.
108	Tell	Answers that it is about a \$50 million annual increase over the previous bill; however a certain portion of those funds are dedicated in the law for specific projects- Notes that \$50 million is amount left for STIP process, (i.e., preservation, bridge, highways, safety).
124	Tell	Continues with testimony: <ul style="list-style-type: none"> • Federal highway program is state run program. • Federal funds flow to state through legislation, but it is the state's responsibility to use funds and details maintenance, strings, planning and matching. Discusses funding afforded Oregon which includes leveraging, local government distributions, multimodal funds, emergency relief and safety incentives. Briefly overviews the role of congress (reauthorization of TEA-21), states ranking in receipt of transportation funding, tolling, alternate fuel vehicles and "level of effort".
383	Chair Starr	Asks how best can state legislators impact what happens at federal level.
300	Tell	Answers that "level of effort" concept should be looked at very carefully. Conveys that state must show the federal government that it is fulfilling its responsibilities. Points out that area commissions on transportation were created for this purpose.
432	Rep. Brown	Asks if emergency relief funds through federal programs require a match for the state.
444	Tell	Answers that there are two types of funding; emergency proponent is 100% federal while other improvements need to be matched.
450	Rep. Devlin	Asks if TEA- 21 is actually going back in time when process was very prescribed.

473	Tell	Answers that it is a continuation of ISTEA (1991 Federal Transportation Funding). States that how prescriptive these rules are depends on viewer of rules and that there is discretion as to how funding is used.
500	Rep. Nelson	Asks how we know how the federal gas tax has been used, relative to Oregon.
504	Tell	Answers that the Federal Highway Administration has statistics on how much money is being generated from the tax from each state, which shows federal highway trust fund.
TAPE 14, A		
075	Rep. Nelson	Asks if a list of projects and dollars spent can be provided.
078	Tell	Answers yes. States that the STIP is how we spend the dollars and they can go back and look historically at prior STIPs to see what has been done.
074	Rep. Merkley	Asks for clarification of comment that Oregon ranked 42 nd .
075	Tell	Answers that Oregon ranked 42 nd in terms of growth, so it shows a trend that some states are doing more than others in the terms of amount of money going into transportation.
100	Rep. Merkely	Asks if it is possible to find out Oregon's nationwide ranking in terms of transportation funding and in terms of population, and how does the state compare to other states in highway miles built.
107	Marsh	Answers that he will supply that information.
110	Chair Starr	Adjourns meeting at 10:41 a.m.

Reviewed By,

Kate Campeau,
Committee Assistant

John Leon,
Committee Administrator

EXHIBIT SUMMARY

A – Update on Implementation of SB 614 (1999), written material, Mike Marsh, 3 pp.

B – Update on Implementation of SB 614 (1999), written material, Mike Marsh, 8 pp.

C – Update on Implementation of SB 614 (1999), Jason Tell, written material, 7 pp.