

JOINT SENATE REVENUE AND SENTATE TRANSPORTATION COMMITTEES

APRIL 7, 1999 - 3:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Revenue Members Present: Senator Randy Miller, Chair

Senator Lee Beyer

Senator Tom Hartung

Senator Charles Starr

Revenue Members Excused: Senator Thomas Wilde, Vice Chair

Transportation Members Present: Senator Marylin Shannon, Chair

Senator Susan Castillo

Senator Joan Dukes

Senator Gary George

Transportation Members Excused: Senator Mae Yih, Vice-Chair

Senator Lenn Hannon

Senator Ted Ferrioli

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Megan Palau, Transportation Committee Administrator

Joan Green, Committee Assistant

Invited Testimony: Senator Marilyn Shannon, Senate District 15

Senator Gary George, Senate District 2

Henry Hewitt, Oregon Transportation Commission Chair

Grace Crunican, Department of Transportation Director

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008 Chair Miller Meeting called to order at 3:05 p.m. with a quorum for Senate Revenue and two members for Senate Transportation, (Chair Shannon and Sen. George).

INFORMATIONAL MEETING

013 Chair Shannon Presented information on comparing Oregon Department of Transportation (ODOT) to other states in her ongoing effort to address ODOT's administration costs. Cited information received from the University of North Carolina, Transportation Studies Department.

The University of North Carolina's Transportation Department study used figures provided by ODOT to the U.S. Department of Transportation. ODOT ranks second in the nation for highest administrative overhead.

Presented Sen. George, who has compiled some slides and conducted an independent study of ODOT spending.

050 Chair Miller Discussed the Chair's intent for today's meeting.

077 Sen. George Presented slides show and discussed ODOT's gross revenue for 1995-97; a \$738 million increase for the 1997-99 budget and the portion of that budget allocated to counties and cities.

119 Chair Miller Revenue for cities and counties has gone up only \$58 million when ODOT's increase is \$738 million?

125	Sen. George	Yes, these are preliminary numbers.
128	Chair Miller	What should the distribution have been for cities and counties if it is assumed that the \$738 million is the correct number?
129	Sen. George	In hearings ODOT states that cities and counties are given 50%.
134	Chair Shannon	Is that what cities and counties actually received or was that the projected dollars?
139	Sen. George	Believes they are actual numbers, \$462 was an audited number and the \$58 million was the projected number in the current bubble charts.
		Continued with slide presentation.
179	Chair Shannon	Where did you obtain the information that the building limit had been reached and the higher amount was not needed?
180	Sen. George	Mike Marsh spoke to the Transportation Committee.
		Continued with slide presentation and where Oregon ranks on taxing of roads and an AAA chart of what Oregon fees.
190	Chair Shannon	The AAA figures are the result of a cost responsibility study?
191	Sen. George	No, the numbers are based on what is currently charged to truckers and how it compared to California. Oregon charges 37.9% cost responsibility and California charges 18.5% based on the AAA numbers.
		Continued with slide presentation:
		<ul style="list-style-type: none"> • Discussed increase in federal revenue returned to the State in 1997-99 and the current budget under consideration. • Referenced \$1.3 billion/year and where cities and counties ranked. • Discussed new capacity construction budgeted for current biennium of \$54 million equaling only about 5% of the total budget.

240	Chair Miller	Would it be correct to assume that the federal dollars returned to Oregon have conditions attached?
248	Sen. George	Yes, but they are broad.
269	Chair Miller	Would there be flexibility to allocate the federal monies to highways for construction and maintenance?
272	Sen. George	SB 757 attempts to do that by taking all the money that can be directed to roads and stating that it must be put into a construction account.
276	Chair Miller	Are there some portions of the federal dollars that can not be diverted to construction/maintenance?
278	Sen. George	Yes.
281	Chair Miller	Are there requirements for transit as opposed to roads?
282	Sen. George	That is an area of flexibility.
285	Sen. Beyer	Wasn't a large percent of the Transportation Efficiency Act for the 21 st Century (TEA 21) monies earmarked for specific projects?
288	George	Correct.
297		Discussion and questions interspersed.
332	Sen. George	Continued with slide presentation and discussion of the dollars taken from construction account that goes back into ODOT.
400	Sen. George	Continued with slide presentation and discussion of distribution of the federal dollars.

430 Chair Shannon Cited constitutional restrictions on how gas tax dollars will be expended.

438 Sen. George Continued with presentation and the Governor's 1998 growth study.

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045 Sen. George Continued with slide presentation and discussed the outcomes of the Governor's study, which concludes that in the future Oregonians must rely less on auto travel. Cited statistics for pavement and bridge condition and congestion.

100 Sen. George Continued with slide presentation and quotations by those who are making the policy decisions.

175 Sen. George Continued with slide presentation and discussed the rough draft of the "Strategy for Integrating Transportation and Land Use".

250 Sen. George Continued with slide presentation and community design.

308 Chair Miller Invited Grace Crunican and Henry Hewitt from the Department of Transportation to comment on Sen. George's presentation. If there were areas of disagreement it would be the Chair's intent to try to reconcile those.

320 Henry Hewitt Spoke to not being prepared to rebut the slides or numbers presented today, as ODOT has not seen the figures in advance of today's presentation. "My initial reaction is that implication of the numbers presented today is incorrect and that Sen. George does not feel there is a need."

340 Hewitt Presented an overview of the highway need, as seen by ODOT and discussed the current budget, as proposed to the legislature. (Exhibit 2)

407 Hewitt Continued with review of ODOT budget and the gross revenue number of \$2.5 billion, (Exhibit 2).

TAPE 083, SIDE B

025	Hewitt	Continued with review of ODOT budget and transportation development, (Exhibit 2).
032	Chair Miller	What does the central service budget item include?
034	Hewitt	It is primarily the Salem based ODOT operations.
038	Chair Miller	Would this be the figure Sen. George referenced as making Oregon the second highest in the nation for overhead?
041	Hewitt	"ODOT's central administration is at \$128 million and running at bare efficiency, although there is room for incremental improvement."
056	Sen. Beyer	Under what category is the project planning and engineering design work done?
059	Hewitt	"Under this budget proposal I believe it is allocated by the kind of project." Invited the legislature to participate in discussions to refine these numbers.
		Continued with review of ODOT budget and the middle categories, which take revenues down to \$1.1 billion, (Exhibit 2). "In my opinion that is the amount available to spend specifically on the highway for this biennium. The categories that flow below that are in one way or another directly related to the highway system, (Exhibit 2). Maintenance is the backbone of ODOT."
097	Sen. Castillo	Does the roadwork due to this year's landslides fall under the maintenance budget or some other category?
102	Hewitt	That is a maintenance budget item. Continued with budget presentation and discussed the thought process and focus of the proposed budget, (Exhibit 2).
		Discussed the policy questions posed by the budget and the allocation of dollars amongst preservation, bridge and modernization.
210	Hewitt	Continued with presentation and the legislature and ODOT reaching consensus on how much should be spent and how, (Exhibit 2).
		Discussed the "ABC" lists of projects requested by ODOT and the proposed

timeframes. (Exhibit 3)

297 Hewitt Continued with presentation and the "C" portion of the "ABC" list, which are the projects that have been identified as needing to be developed and under construction as soon as possible. This list totals to \$1.3 billion dollars and is currently being addressed at \$50-60 million/year, (Page 9, Exhibit 3).

345 Sen. Beyer It would take until approximately 2010-12, at the current level, to get through the "B" list, (Page 5, Exhibit 3).

353 Hewitt Yes, without factoring inflation.

369 Sen. George Suggested ODOT consider turning over the \$308 million budgeted for maintenance, along with facilities and equipment, to the counties for maintenance of roads.

400 Hewitt "ODOT has discussed partnering with counties and cities and has a group of people focusing on a "how to" list, however there are complex issues in integration of government jurisdictions."

414 Chair Miller Apologized to Mr. Hewitt and ODOT for the miscommunication on the purpose of today's meeting. The hope had been that that ODOT could respond point-by-point to Sen. George's presentation.

Requested that ODOT analyze Sen. George's presentation and return with a presentation centered on that and an indication as to ODOT's direction for the future.

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TAPE 084, SIDE B

042 Hewitt Requested a copy of Sen. George's presentation. Spoke to the complexities faced by the Transportation Commission and how they are trying to meet the challenges with the resources available.

059 Chair Miller Does ODOT have responsibility for bike paths?

062 Hewitt Yes, by legislative mandate, which is currently being under spent. Spoke to continuing the process of communicating information to the legislature in the following areas:

1. To address specific points raised by Sen. George.
2. To continue the conversation with the legislature on ODOT budget choices, where improvement or changes could be made and knowledge of the consequences of those choices.

089	Chair Shannon	What was the Chair's request to ODOT?
091	Chair Miller	Would welcome a presentation combining ODOT's future plans and an accounting of current use of funds.
101	Hewitt	Spoke to how, historically, ODOT has presented budgets to the legislature. Believes that the more appropriate way is for ODOT to work through the budget and engage the legislature in conversations about what accomplishments ODOT is expected to achieve with the dollars allocated.
104	Chair Shannon	Referenced Mike Marsh's testimony in Transportation Committee and the \$71 million construction allocation of gas tax money to west side light rail. Does the Committee want to know how much is budgeted for the future to additional light rail and the dollars expended preparing for installation of light rail or the dollars spent in the past for light rail?
129	Chair Miller	Both.
131	Hewitt	"State gas tax money was not spent to fund west side light rail and will provide information to substantiate that conclusion."
136	Chair Shannon	Referenced letter from ODOT. "The dollars were expended, in essence, to provide for light rail to come through. Rail was not built, but ODOT accommodated light rail."
140	Hewitt	"ODOT did renovate the 217 and Highway 26 interchange as a part of the light rail project. The whole Highway 26 project needed to be done independent of light rail, but it was planned and thought through as an integrated project with light rail."
149	Chair Shannon	Spoke to an itemized list of the things that were done in conjunction with the west side light rail line.
152	Grace Crunican	Will provide the letter Chair Shannon is referencing for the record. (Exhibit 4)

Clarified that state tax dollars were not used for anything that was an unconstitutional purpose. "I believe some money was saved by jointly managing some problems because there were two construction projects going on at the same time. The majority of the traffic impacts to citizens of the area were the road project. Again state tax dollars were not improperly used, ODOT has documented usage of those dollars and the State's Attorney General also reviewed it, with that issue in mind."

162 Distributed slide show from ODOT. (Exhibit 1)

164 Chair Miller Meeting adjourned at 4:38 p.m.

Submitted by, Reviewed by,

Joan Green Kim T. James

Committee Assistant Revenue Office Manager

Exhibit Summary:

1. Informational, Crunican, Slide Show, 11 pages
2. Informational, Hewitt, ODOT use of funds, 1 page
3. Informational, Hewitt, Discussion draft, 13 pages
4. Informational, Crunican, Letter, 10 pages