

SENATE COMMITTEE ON TRANSPORTATION

February 26, 1999 Hearing Room C

3:05 p.m. Tapes 30 - 31

MEMBERS PRESENT: Sen. Marylin Shannon, Chair

Sen. Mae Yih, Vice-Chair

Sen. Susan Castillo

Sen. Gary George

MEMBERS EXCUSED: Sen. Joan Dukes

Sen. Ted Ferrioli

Sen. Lenn Hannon

STAFF PRESENT: Don Scott, Administrator

Patrick Brennan, Administrative Support

MEASURE/ISSUES HEARD: HB 2478-A Public Hearing

Introduction of Committee Measures

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/#	Speaker	Comments
TAPE 30, A		
002	Chair Shannon	Calls the meeting to order at 3:14 p.m. Opens a public hearing on HB 2478-A.
<u>HB 2478-A PUBLIC HEARING</u>		
008	Don Scott	Committee Administrator. Gives a brief overview of the bill.
012	Rep. Jane Lokan	House District 25. States that it is important for both the public and the

		legislature to understand how the funds allotted to the Oregon Department of Transportation (ODOT) are used. Says that specific information regarding transportation fund allocation is beneficial for making future budgeting decisions. Says that there is a great deal of public skepticism within her district as to where gas tax dollars are being spent. States that a concise description of spending by ODOT will increase accountability and public trust.
050	Rep. Lokan	States that HB 2478 creates a highway construction plan based on ten specific categories, instead of three large categories as is currently the case. Says that the plan will list both projects that are currently underway as well as in planning. Says that the plan will provide projected costs and dates of completion for projects. States that proposed tax increases will be accompanied by specific details of what projects the increases will fund. Says that the plan would allow ODOT to transfer funds between categories in the event of an emergency. States that the bill would prohibit the funding of projects not already in the plan.
089	Sen. George	Asks if there is a provision which would prohibit ODOT from "retaliating" against legislators, since the plan would not allow legislators to request projects. States that there is a need for fairness within the relationship between ODOT and the legislature.
095	Rep. Lokan	Replies that there is no specific reference to fairness, but that it is implied. States that there is a provision requiring the development of a method of projecting the cost of individual projects over the biennium. States that cost projection will be helpful for managing the budget. States that there will be quarterly reports by ODOT to the legislature. Says that the bill will require documentation of the impact of external factors, such as federal mandates, upon the transportation budget.
148	Rep. Lokan	States that HB 2478 provides a plan that has long been needed. States that the program will help the credibility of ODOT in the eyes of the public. Says that it will also help legislators communicate better with their constituents regarding the allocation of their tax dollars.
164	Chair Shannon	Asks if each project will be approved by the legislature.
166	Rep. Lokan	Replies that ODOT will still be responsible for identifying and selecting projects and that the legislature will approve the budget.
174	Sen. Yih	Asks if ODOT will report to the legislature about the progress towards completion of programs at the end of the biennium.
178	Rep. Lokan	Replies that the construction plan will include that information, as will the quarterly reports. States that there will need to be an explanation of the reasons for any changes to the plan.
190	Sen. Yih	Asks if there will be reports made to the emergency board during the interim.
196	Rep. Lokan	Replies that there will be.

200	Sen. Yih	Asks if there will be emergency funds available for unforeseen occurrences, such as the collapse of the Sunset tunnel.
202	Rep. Lokan	Replies that Section 7 of the bill outlines the course of action should the legislature be out of session. States that there will be an allowance for rapid response with a re-balancing of the budget upon the reconvening of the legislature or the emergency board.
209	Chair Shannon	Closes the public hearing on HB 2478-A and opens a work session for the purpose of introducing committee bills.
<u>INTRODUCTION OF COMMITTEE MEASURES</u>		
218	Sen. Yih	MOTION: Moves LC 3940 dated 2/25/99 (EXHIBIT A) BE INTRODUCED as a committee bill.
	Chair Shannon	Hearing no objection, declares the motion CARRIED.
		LC 3940 becomes SB 909.
227	Sen. Yih	MOTION: Moves LC 3931 dated 2/24/99 (EXHIBIT B) BE INTRODUCED as a committee bill.
	Chair Shannon	Hearing no objection, declares the motion CARRIED.
		LC 3931 becomes SB 908.
236	Chair Shannon	Closes the work session and reopens the public hearing on HB 2478-A.
<u>HB 2478-A PUBLIC HEARING</u>		
243	Sen. Castillo	Asks if ODOT currently provides updates such as those outlined by the bill. Asks if the purpose of the bill is merely to provide greater detail to the reports.
249	Rep. Lokan	Replies that the reports that ODOT currently provides are not given to the legislature in biennial form. Says that the goal is to be informed as to what projects are being funded during the biennium.
268	Chair Shannon	States that there is a credibility gap that biennial reporting can alleviate.
273	Rep. Lokan	States that the quarterly reports will also keep the legislature informed regarding the progress of projects throughout the biennium.

282	Grace Crunican	Director, ODOT. Testifies in support of HB 2478-A (EXHIBIT C). States that, although the bill increases the information that ODOT must provide to the legislature, it can be done at a minimal cost. States that ODOT worked closely with Rep. Lokan in drafting the bill.
311	Chair Shannon	Asks if there is emergency money, in the form of federal funds, which could have been allocated to repair the Sunset tunnel, had it been known to be dangerous.
318	Crunican	Replies that federal funds received are a reimbursement for repairs paid out of other ODOT programs. States that the tunnel repairs will be funded either out of Region 1 funds or from efficiencies found in other budget areas.
338	Chair Shannon	Asks if there is money available to fix the tunnel if it is shifted from other projects.
341	Crunican	Replies that there may be a need to delay other projects to do so.
362	Ralph Groener	Representative, American Federation of State, County, and Municipal Employees (AFSCME). Testifies in support of HB 2478. Says that AFSCME represents the road crews of most of the cities and counties in the state. Says that many of those cities and counties have suffered numerous natural disasters that have damaged road systems. Says that the cost of necessary repairs has been very difficult to keep up with for some communities. Says that funding increases would be easier to achieve with more accurate reporting of ODOT spending.
TAPE 31, A		
020	Groener	Says that the program budget, such as the one created by HB 2478 may cost more to set up and operate, but that it would be worth the benefits that would be gained.
042	Betsy Earls	Representative, Associated Oregon Industries (AOI). Testifies in support of HB 2478-A (EXHIBIT D). States that the bill will provide valuable information to the public and the legislature. Says that public concerns regarding ODOT will be alleviated by the bill.
058	John Lattimer	Director, Audits Division. Discusses the auditing process in regards to the budget. States that increasing specificity within a budget makes the auditing process easier. States that auditors cannot analyze broad categories and make decisions regarding the appropriateness of allocations unless the law specifies where money should and should not be allocated.
101	Lattimer	Says that currently the Audits Division is only able to give the legislature information regarding the integrity of the system. States that the HB 2478 would help auditors by giving them specific categories of expenditures that can be analyzed.

120	Chair Shannon	States that she was disappointed when she found out that the Audits Division does not currently perform an in-depth analysis of ODOT.
128	Lattimer	States that auditing is a complex process that follows strict standards which cannot be deviated from. States that the lack of in-depth analysis is a result of the strictness of those standards and the broadness of the current categories used by ODOT.
132	Sen. George	Asks if there is enough specificity in the bill to get down to the payments made to construction contractors or the specific purchases within categories such as "indirect services."
141	Lattimer	Replies that the Audits Division should be able to do so despite the fact that the categories outlined in the bill are still fairly broad.
150	Sen. George	Asks if the legislature will be able to determine how much was spent to purchase materials for a particular crew within the maintenance section and whether the money was allocated from maintenance or construction.
157	Lattimer	Replies that the provision of such information may be possible, depending upon the cost accounting system implemented by ODOT. States that HB 2478 should be able to provide the tools necessary to get that information.
175	Mel Zucker	Testifies in support of HB 2478. Says that the bill addresses the need to know what is being put in and what is coming out of ODOT. States that there must be information that is understandable as finished product in return for investment, such as finished lane miles and bike paths.
219	Zucker	States that there is a problem with uniformity between the Statewide Transportation Improvement Program (STIP) and the bill's highway construction plan. States that the categories should be identical. Says that there are no definitions of terms within HB 2478. Says that there is often a discrepancy between categories and the items within them which should be clarified.
259	Sen. George	Asks a question, regarding bike paths, brought up in a previous meeting. Asks if bike paths are going to become a "major item" within the budget.
265	Zucker	Replies that they probably will, due to their cost. Says that there is also a need for uniformity between cities and counties. Says that the auditors mentioned a commingling of funds. Says that, should the rules to be extended down to the local level, the commingling may be prevented. Discusses several issue areas where there is confusion between categorizations.
310	Chair Shannon	Asks if it would be acceptable to create a clause that would prohibit projects from falling into more than one category.
314	Zucker	Replies that category distinctions could be arbitrary so long as they were consistent. States that clear categorizations are necessary to see the true cost of

		particular projects.
366	Zucker	States that the new draft STIP is less informative than the previous one. States that ODOT has always been helpful in giving status reports on projects.
400	Chair Shannon	States that Zucker should address some of his concerns by drafting amendments to the bill that could be considered by the committee.
407	Zucker	Replies that he would be interested in doing so. States that it would also be beneficial to combine the bill with other related legislation.
TAPE 30, B		
015	Zucker	Asks if the "plus four" gas tax proposal, described within Section 5 of the bill, would need to wait for the implementation of the program to be enacted.
020	Chair Shannon	Replies that the gas tax will be the last item evaluated by the committee. States that the measure does not require the imposition of new taxes for implementation.
024	Sen. George	States that a primary problem with the STIP is revenue tracking. Asks if the bill addresses the revenue issue.
033	Zucker	Replies that the bill provides more information than has previously been available. Says that the final evaluation will need to wait until the final version of the bill is passed by the legislature.
036	Chair Shannon	Says that the sunset clause within the gas tax bill sunsets in 2002.
050	Bob Russell	Director of Government Affairs, Oregon Trucking Association (OTA). Testifies in support of HB 2478. States that the OTA is a large contributor to the highway fund. Says that knowing where tax dollars are being spent is something that is looked upon favorably by the OTA.
067	Bill Penhollow	Representative, AOC. Testifies in support of HB 2478. States that AOC supports the bill because it implements a program similar to that which counties operate under. States that the bill would be valuable to the taxpayers of Oregon.
088	Chair Shannon	Says that the commingling of funds at the county level was considered a problem by the Audits Division.
092	Penhollow	States that commingling of funds between counties occurs and that it would cost more to separate the funds out. Says that separating the funds is not necessary so long as the money is being spent to build infrastructure within the particular counties.

110	Rep. Tom Butler	House District 60. Testifies in support of HB 2478. States that the bill increases accountability and efficiency within ODOT. Says that the bill will allow the public to see how their tax dollars will be spent in the future. Says that counties and local governments will be made accountable as to the results of their STIP programs, which will allow them to plan more efficiently, as well.
141	Craig Campbell	Representative, American Automobile Association (AAA). Testifies in support of HB 2478. States that information regarding tax dollar allocation, provided in an easy to understand format, is a benefit to all AAA members. Thanks Rep. Lokan for her diligent efforts during the House process.
158	Gary Conkling	Representative, Associated General Contractors. Testifies in support of HB 2478 (EXHIBIT E) . Expresses thanks to Rep. Lokan for her efforts on behalf of the bill.
171	Rich Peppers	Representative, Oregon Public Employees Union (OPEU). Testifies in support of HB 2478. Says that the accountability mechanism created by the bill would be beneficial. States that the criticism that ODOT has received is often perceived as criticism of its employees.
193	Chair Shannon	States that ODOT employees have provided a valuable service to the state and also to the legislature in the creation of the legislation being considered by the committee. Says that since the employees of ODOT bear the brunt of the criticism directed toward it, they should be a part of the change designed to alleviate it.
210	Peppers	States that the bill may increase administrative overhead which is necessary in the provision of increased oversight and reporting. Says that there must be sensitivity to the fact that the cost of operating public agencies such as ODOT will increase as accountability programs are implemented. Says that there should be similar programs for other agencies and governments.
234	Chair Shannon	States that a similar accountability effort was recently made within the school system.
246	Peppers	Says that monitoring will have consequences that must be considered when looking at the administrative costs of agencies such as ODOT.
255	Sen. George	States that the maximum cost of the accountability program would be minute in comparison to the overall budget of ODOT.
261	Sen. Castillo	Asks Peppers if he believes that contractors and local governments which work with ODOT should be held to the same accountability standards.
267	Peppers	Says that the accountability for the spending of public dollars should be required throughout government. Says that the cost of being responsible for its contractors should not be used as a reason to criticize the agency.

297	Chair Shannon	Says that it is ODOT's responsibility to maintain its cost effectiveness with regards to its contractors.
310	Peppers	States that it would be beneficial for ODOT to have some guidelines with regards to monitoring its contractors.
314	Chair Shannon	States that ODOT should not grant contracts for more than they are worth.
318	Peppers	States that the cost of monitoring contracts is part of agency overhead and that cost is part of the reason that agencies have a higher cost than private businesses. States that heightened accountability for contractors, counties, and cities would be beneficial and fair.
349	Chair Shannon	Asks Peppers if he believes that cities and counties are not being sufficiently monitored.
352	Peppers	Replies that he does not know, but that it should be investigated.
363	Dave Barenberg	Representative, League of Oregon Cities (LOC). Testifies in support of HB 2478. Says that an informed public would be a better supporter of transportation. Says that the bill will give the legislature the information necessary to set transportation policy. States that local governments operate under similar conditions as would be created by the bill.
TAPE 31, B		
014	Chair Shannon	States that she intends to add a pair of amendments, related to "high crash site" locations and bicycle lanes.
023	Rep. Lokan	States that the plan outlined in the bill would use the definitions of terms currently utilized by ODOT. States that there is a great deal of detail being prepared for implementation by the agency. Says that the categories were chosen for consistency. States that the bill focuses on highway and road construction rather than on rail, airports, and ports.
058	Chair Shannon	Asks if there is separation between state and federal funds in the project report.
063	Rep. Lokan	Replies that it is the intent of the bill to list them separately, rather than to commingle them.
065	Chair Shannon	Says that she has seen some commingling within the department regarding light rail.
070	Rep. Lokan	Says that there is only a small fiscal impact for getting the project underway.

083	Sen. George	Says that one of the problems is that money that is paid to the federal government does not all make it back into ODOT. Says that it is not good business to let those dollars slip away. Says that it is important to ask questions regarding dollars that may be unaccounted for.
108	Chair Shannon	Closes the public hearing on HB 2478-A and adjourns the meeting at 4:45 p.m.

Submitted By, Reviewed By,

Patrick Brennan, Don Scott,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ LC 3940, staff, 1 p.

B ñ LC 3931, staff, 2 pp.

C ñ HB 2478-A, testimony, Grace Crunican, 1 p.

D ñ HB 2478-A, testimony, Betsy Earls, 1 p.

E ñ HB 2478-A, testimony, Gary Conkling, 2 pp.