

# **TRANSPORTATION**

## **PROGRAM AREA**

## DEPARTMENT OF AVIATION

Analyst: Jolivette

### Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
Other Funds	7,471,010	13,745,866	12,921,194	20,035,792
Federal Funds	7,277,222	9,318,243	3,933,182	11,312,356
<b>Total Funds</b>	<b>\$14,748,232</b>	<b>\$23,064,109</b>	<b>\$16,854,376</b>	<b>\$31,348,148</b>
Positions	15	15	15	16
FTE	13.99	14.25	14.49	15.49

### Overview

The Department of Aviation manages and coordinates the state's general aviation system, including recreational, business, and emergency response flying. The Department advocates for economic growth, infrastructure improvement, and safe operation of aviation in Oregon. The Department manages a large-scale pavement preservation program for the state's 66 paved public use airports. In addition to statewide aviation transportation plan management and land use coordination, the Department owns, manages, and operates 28 public use airports. The seven-member State Aviation Board, appointed by the Governor, represents aviation interests from the public and private sectors. The Board provides policy direction to the Department.

Key responsibilities include:

- Develop and implement the Oregon Aviation Plan and related policies
- Provide technical assistance on airport planning and development
- Administer the federal General Aviation Entitlement Grant and Pavement Maintenance Program
- Register aircraft
- Conduct safety inspections on state-owned and other Oregon public airports
- Maintain 28 state-owned airports to federal and state safety standards

### Revenue Sources and Relationships

The Department is supported entirely by Other and Federal Funds. Other Funds revenue is comprised of system user taxes and fees, notably taxes on jet fuel and aviation gasoline (avgas), aircraft registration fees, and aircraft dealer license fees. Federal Funds are received from the Federal Aviation Administration (FAA) via the Airport Improvement Program for state system-wide planning, safety inspections, and planning and construction for state-owned airports. Total estimated revenue for the 2019-21 biennium is \$26.3 million, with 57% coming from taxes and fees and 43% from federal funds. This 13.7% increase compared to 2017-19 is the result of having more construction projects in the pipeline.

Recent revenue-related legislation:

- SB 27 (2017) abolished pilot registration and related fees in Oregon. The Search and Rescue program administered by the Office of Emergency Management, which had been funded in part by pilot registration fees, is now supported by aircraft registration fees.
- HB 2075 (2015) increased aircraft fuel taxes by 2 cents per gallon until January 1, 2022, and required the new revenue be used to support grants for aviation projects (50%), commercial air service links to rural communities (25%), and infrastructure projects at state airports (25%). These grants are known as Aviation System Action Program (ASAP) grants.
- SB 269 (2015) increased license and registration fees by varying amounts.

## Budget Environment

Due to fiscal constraints, the agency has remained lean even as new workload demands have been placed on staff. In recent years, the agency's core workload has increased with implementation of the Aviation System Action Program created by HB 2075 (2015), namely in the areas of procurement and contract and project management. Another source of new demands on the agency has been the emergence of the unmanned aerial systems (UAS/drones) industry. Aviation is the lead agency responsible for tracking related federal developments and working with stakeholders to formulate a state regulatory framework. Currently, there are over 200 UAS businesses licensed in Oregon, even though both federal and state regulatory agencies have yet to fully integrate this emerging industry into the national air space.

Federal funds for aviation programs are secure and predictable through fiscal year 2023. In 2018, Congress reauthorized funding for aviation programs for five years. Although the Airport Improvement Program was essentially flat-funded through the end of 2023, Congress separately passed supplemental appropriations totaling \$1.5 billion to be used for discretionary grants. In comparison, the future of state funds for aviation programs is considerably less certain with the looming expiration (in January 2022) of the 2015 tax increase on jet fuel and avgas. If the tax expires, less funding will be available for airport construction projects and the agency may be required to reduce its workforce. Legislation introduced in the 2019 session to repeal the sunset of the tax did not make it out of committee. The agency has indicated it intends to sponsor similar legislation in an upcoming legislative session.

## Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$31.3 million total funds is an increase of \$8.3 million (or 35.9%) compared to the 2017-19 legislatively approved budget. The increase is driven by investments in state airport infrastructure and an effort to increase the number of ASAP grant awards in the current biennium. The budget provides \$9.3 million Other Funds for ASAP grants, of which \$3.9 million was approved on a one-time basis.

The agency budget for 2019-21 also provides \$7.95 million total funds for airport capital construction projects. Except for the Prospect State Airport project, which will be 100% state funded by aviation system fuel tax revenues, the capital construction projects listed below are funded using 90% Federal Funds, and 10% state funds.

- Prospect State Airport Runway Reconstruction: \$2,160,000 Other Funds to conduct renovations at the Prospect State Airport. This project includes reconstruction of the runway, including design engineering and construction of a new subbase.
- Aurora State Airport Run-up Area Construction: \$1,845,000 Federal Funds and \$205,000 Other Funds to conduct rehabilitation at the Aurora State Airport. This project includes design engineering and construction of a run-up area for runway 17 to improve safety and reduce congestion.
- Condon State Airport Runway Rehabilitation: \$2,340,000 Federal Funds and \$260,000 Other Funds to conduct rehabilitation at the Condon State Airport. This project includes rehabilitation of the runway, which is needed to meet federal standards for safe operating conditions.
- Siletz Bay State Airport Taxiway Rehabilitation: \$1,026,000 Federal Funds and \$114,000 Other Funds to conduct rehabilitation at the Siletz State Airport. This project includes rehabilitation of the taxiway, which is needed to meet federal standards for safe operating conditions.

Other notable budget adjustments include:

- \$90,000 to address deferred maintenance at the Salem Office Building, Aviation Headquarters. Specifically, the adjustment is intended to cover the cost of roof repair and a plan for eventual replacement of the building.
- \$1 million for a study to evaluate if "disadvantaged businesses" have equal access to Federal Aviation Administration (FAA) contracting opportunities. The study is required by FAA.
- \$1.4 million for capital improvement projects at state-owned airports. The projects are part of a five-year capital improvement program approved by the agency and the FAA.

# DEPARTMENT OF TRANSPORTATION

Analyst: Jolivette

## Agency Totals

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
General Fund	22,052,311	23,456,104	45,433,147	25,306,026
Lottery Funds	107,484,130	113,596,792	118,775,740	115,592,980
Other Funds	3,052,647,716	3,822,653,506	4,150,258,956	4,226,441,397
Other Funds (NL)	527,193,523	173,412,455	18,000,000	18,000,000
Federal Funds	86,113,542	105,756,768	112,026,315	113,670,758
Federal Funds (NL)	20,145,859	21,575,775	21,243,619	21,243,619
<b>Total Funds</b>	<b>\$3,815,637,081</b>	<b>\$4,260,451,400</b>	<b>\$4,465,737,777</b>	<b>\$4,520,254,780</b>
Positions	4,506	4,715	4,688	4,867
FTE	4,393.92	4,502.97	4,590.79	4,709.25

## Overview

The Oregon Department of Transportation (ODOT) develops, maintains, and manages Oregon’s transportation system in a safe and efficient manner that enhances the state’s economic competitiveness and livability. The Department operates programs related to Oregon’s system of highways, roads, and bridges; bicycle and pedestrian facilities; passenger and freight railways; public transportation services; transportation safety; driver and vehicle licensing; and motor carrier regulation.

The five-member Oregon Transportation Commission (OTC) is appointed by the Governor and the Department’s director is appointed by the OTC and confirmed by the Senate. Historically, ODOT has focused primarily on constructing and maintaining highways. More recently, however, with designated General, Federal, and Lottery Funds, it has broadened its focus to include alternatives to automobile transportation in congested areas and otherwise underserved areas.

## Revenue Sources and Relationships

For 2019-21, total revenue from all sources is estimated to be \$6.1 billion. Of this amount, \$1.2 billion is projected to transfer out to other state agencies and local governments, leaving \$5 billion available for expenditure on state transportation and programs.

Other Funds revenue is ODOT’s primary source of support. This category includes revenue from motor fuel taxes, weight-mile taxes, and driver license and vehicle registration fees, most of which is constitutionally dedicated to the State Highway Fund and shared between ODOT, counties, and cities.

Federal Funds come to Oregon as both formula-based and competitive grants from several agencies, including the Federal Highway Administration, the National Highway Traffic Administration, the Federal Railroad Administration, and the Federal Transit Administration. For accounting purposes, most of the Federal Funds – about \$1.3 billion in 2019-21 – are budgeted as Other Funds.

Lottery Funds are used to make debt service payments on rail and transportation infrastructure projects funded with the proceeds of lottery-backed bonds. This financing method is used for projects that are ineligible for funding through the constitutionally dedicated State Highway Fund. Nonlimited funds – both Other Funds Nonlimited and Federal Funds Nonlimited – are used for debt service payments and loans from the Oregon Transportation Infrastructure Bank. The Department’s General Fund appropriation is to be used for paying debt service on the now completed state radio project and highway safety projects.

HB 2017 (2017) increased taxes and fees dedicated to the State Highway Fund and established new taxes to support multimodal transportation. Key revenue features of HB 2017 included:

- Increased the motor fuel tax from 30 cents per gallon to 34 cents per gallon effective January 1, 2018, with the potential to increase the tax again by 2 cents per gallon in 2020, 2022, and 2024 if ODOT meets the ‘trigger’ requirements. Makes commensurate increases in weight mile taxes, although these are not subject to trigger requirements.
- Created additional registration fee and title fee surcharges of \$13 and \$16 respectively, effective January 1, 2018, and establishes a system of tiered registration and title fees based on vehicle fuel efficiency effective January 1, 2020.
- Established a privilege tax of 0.5% of the retail sales price of new taxable motor vehicles with a gross vehicle weight of 26,000 or fewer pounds sold in Oregon and a use tax of 0.5% of the retail price of a new taxable motor vehicle purchased from any seller outside of Oregon and brought into the state.
- Imposed a 0.1% payroll tax effective July 1, 2018 and deposits the revenue into a newly-established Statewide Transportation Improvement Fund to be used mostly for competitive- and formula-based grants to local public transit agencies.
- Imposed an excise tax of \$15 on the sale of adult-size bicycles valued at \$200 or more effective January 1, 2018 and deposits the proceeds into the Connect Oregon Fund.

Approximately 71% of the new revenue is estimated to accrue to the State Highway Fund, while the smaller share for non-highway projects is divided between the Connect Oregon Fund and the newly established Zero-Emission Incentive and Statewide Transportation Improvement Funds.

#### Budget Environment

The fiscal outlook for the agency is mixed. There is some uncertainty concerning future Federal Funds for transportation. The funds authorized in the Fixing America’s Surface Transportation (FAST) Act end in 2020, and current federal taxes on motor fuels are set to expire in 2022, so there are some significant legislative milestones ahead that will determine the flow of Federal Funds into Oregon in the future. The Congressional Budget Office projects a continuing imbalance between federal Highway Trust Fund revenues and outlays through FY 2028 which will require Congress to either transfer general revenue to the Highway Trust Fund as it has since FY 2009, raise the federal tax rate on motor fuels, or limit highway spending to the amount of revenue collected from existing motor fuel taxes. Uncertainty surrounding Federal Funds may pose a challenge in planning future transportation projects.

As for state funds, HB 2017 (2017) significantly improved the budget environment by providing multi-year tax and fee increases, as well as making some important policy changes. For example, by indexing fees to vehicle fuel efficiency, the measure begins to address the erosion in revenue brought about by increased vehicle fuel efficiency. It should be noted that HB 2017 required ODOT to report satisfactory progress in implementing the law before the future gas tax increases can take effect. The agency has indicated it is on track to meet those requirements for the January 2020 motor fuels tax rate increase. HB 2017 also created dedicated funding sources for programs that are not eligible for support from the State Highway Fund, such as Connect Oregon and public transit. The state’s long-term ability to maintain its transportation infrastructure will require further movement toward a sustainable user fee structure.

The agency is currently experiencing a period of growth and expansion as it has been tasked with managing several major initiatives, including the delivery of HB 2017 projects, the issuance of REAL ID cards, the System Transformation Project (STP), and now HB 2015 (2019) which requires the department to issue driver licenses, instruction permits, and identification cards to applicants without requiring proof of lawful status in the United States beginning January 1, 2021. ODOT’s work force has increased to meet these new demands. Since 2015-17, the agency workforce has grown by 8%. A total of 285 project delivery positions have now been authorized for implementation of HB 2017. The 2019-21 budget adds 120 positions (60.21 FTE) for DMV field offices to issue REAL ID cards to qualified individuals beginning July 2020 and to implement HB 2015 beginning January 2021.

### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget for the Department of Transportation totals \$4.5 billion, which is \$259.8 million (or 6.1 %) more than the 2017-19 legislatively approved total funds budget. This comparison, however, is misleading because of an adjustment in Nonlimited funds for 2017-19 associated with the refunding of previously issued bonds. Excluding Nonlimited funds, ODOT's 2019-21 legislatively adopted budget is \$415.2 million (or 10.1%) higher than the 2017-19 legislatively approved budget. The budget supports 4,867 positions (4,709.25 FTE), an increase of 206.28 FTE.

Major features include:

- \$250 million Other Funds increase for HB 2017 highway projects, operations, and maintenance.
- \$161.2 million Other Funds increase for Public Transit to increase bus frequency, expand bus routes, and reduce bus fares as required by HB 2017.
- \$11.9 million Other Funds for the state radio system, including \$2.4 million for maintenance and service agreements and \$9.5 million for system hardware replacement.
- \$30 million Other Funds for continued modernization of DMV computer systems.
- \$10.5 million Other Funds and 120 positions in DMV field offices (61.05 FTE) to issue REAL ID cards and driver licenses and implement HB 2015 (2019) related to driver licenses and ID cards for undocumented Oregonians.
- \$12 million Other Funds for land purchase and design for a new South Coast Maintenance Station located in the Coos Bay Area.
- \$8 million Other Funds for land purchase and design for a new Central Coast Maintenance Station located in the Lincoln County area.

Details of expenditures are in the following Division analyses.

### **Highway Division**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds	1,986,695,729	2,527,277,176	2,687,901,358	2,714,796,381
<b>Total Funds</b>	<b>\$1,986,695,729</b>	<b>\$2,527,277,176</b>	<b>\$2,687,901,358</b>	<b>\$2,714,796,381</b>
Positions	2,535	2,691	2,683	2,735
FTE	2,463.54	2,539.19	2,616.20	2,667.70

### Program Description

The Highway Division designs, builds, maintains, and preserves quality highways, bridges, and related highway system components. The state highway system is over 8,000 center line miles, 11% of Oregon's 74,000 miles of roads. The Highway Division's activities are guided by 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.

Highway projects are scheduled through the Statewide Transportation Improvement Program (STIP), a project funding and scheduling document developed through a planning process involving local and regional governments, transportation agencies, and the public. The STIP is updated every two years through a public hearing process. Other highway projects are identified through legislative actions. The most recent transportation package to pass the Legislature – HB 2017 (2017) – identified specific highway fund-eligible projects totaling \$647 million and authorized an initial \$480 million in highway user revenue bonds to fund projects.

The Highway Division is administered through five regional offices and the headquarters office. The Division contracts out most engineering and design work, as well as construction. To ensure efficient project delivery,

almost 800 Project Delivery staff are deployed in the five Highway regions and in the central Statewide Project Delivery Branch. Agency staff perform much of the agency's maintenance and part of its preservation work.

The categories of the Highway Division budget are:

- Highway Maintenance and Emergency Relief – 1,372 positions and 1,317.39 FTE. Maintains, repairs, and extends the service life of the state highway system. There are two types of general highway maintenance functions: reactive and proactive. Reactive service generally fixes existing problems and is incident driven. Proactive services save money later. These activities include inspection, upkeep, preservation, or restoration to prevent problems or damage to highways or other highway-related infrastructure and to reduce life cycle costs. Cost-benefit analysis determines which projects to undertake. Maintaining buildings and equipment used by ODOT employees is part of highway maintenance. This Division also provides emergency relief in responding to damage from natural disasters such as floods and earthquakes. Finally, the State Radio system is operated by this Division.
- Preservation – 139 positions and 139.00 FTE. Rehabilitates existing roadways and facilities to extend their service life. Preservation projects add useful life to the highway system without increasing capacity. The program aims to conduct resurfacing treatments at the most cost-effective time in the life cycle of a pavement, which typically entails resurfacing at eight- to fifteen-year intervals. This approach allows highways to be resurfaced while they are still in “fair or better” condition and require only relatively thin paving. Funding is set to maintain an average statewide highway pavement condition rating of 78% or better. While conditions are currently above target, they are forecast to drop within a few years concurrent with expected declining funding levels.
- Bridge – 205 positions and 205.00 FTE. Preserves more than 2,700 bridges, tunnels, and large culverts on the state highway system. Bridge projects rebuild or extend the life of an existing bridge as identified through the Bridge Management System. Routine bridge inspections are performed every two years. The program goal is to protect public safety and preserve infrastructure by keeping bridges in the best condition possible. The Bridge program is also committed to maintaining a small number of high value, historic Oregon coastal bridges that were designed by Conde B. McCullough. The bridges are considered priceless assets and ODOT has chosen functional obsolescence and high maintenance costs as a fair trade-off for preserving them.
- Highway Safety and Operations – 184 positions and 182.79 FTE. Improves the safety and efficiency of the transportation system through operational improvements and enhanced system management and reduces the number of fatal and serious injury crashes that occur on the state highway system. Priority programs include traffic management using control devices, illumination, and signal operations; intelligent transportation systems using technology-based tools including variable message signs, highway advisory radio, ramp meters, cameras, advanced signal management, weather, and travel condition systems; incident management for rapid detection and quick highway incident clearance; landslide and rock fall mitigation; and transportation demand management to encourage the use of alternatives to driving alone (rideshare, vanpools, park and ride).
- Modernization – 219 positions and 218.50 FTE. Designs and builds highway improvements that add capacity to accommodate current or projected traffic growth. This includes adding traffic lanes for passing, climbing, turning, accelerating, and decelerating; building new road alignments or facilities, including bypasses; realigning or widening existing roads; and widening bridges to add travel lanes. Modernization projects improve safety, relieve traffic congestion, and allow more efficient movement of people and goods across Oregon.
- Special Programs – 561 positions and 550.02 FTE. Provides construction support for construction projects that do not fit general categories or that fall under special rules or programs. Specialized projects include management of Lifeline Routes, a secure network of streets, highways, and bridges to facilitate emergency services response in the event of an emergency, and Speed Zones. Other special programs include the Salmon and Watersheds program, providing culverts for fish passage under roadways; the Forest Highway program, for projects on roads that provide access to national forests; and Snowmobile Facilities, for projects that develop and maintain snowmobile facilities.
- Local Government – 55 positions and 55.00 FTE. ODOT shares state and federal revenues and reimbursements with local governments on a formula basis for surface transportation, local bridges, congestion mitigation,

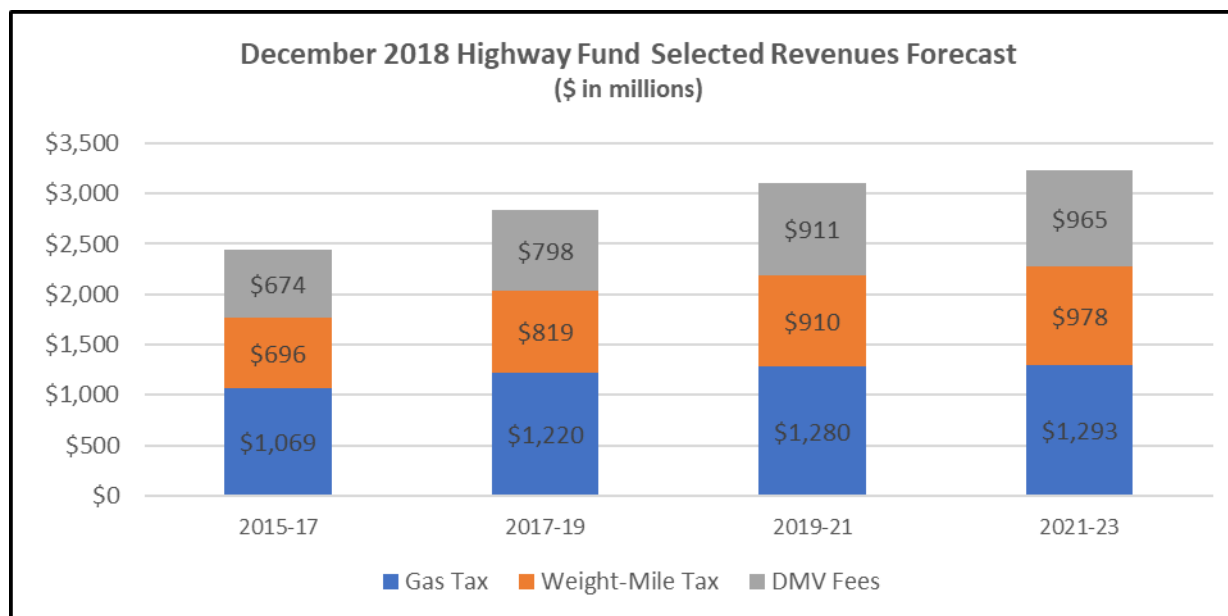
transportation enhancements, and planning. The agency administers and helps to fund local and discretionary transportation projects that account for about 25% of Oregon Statewide Transportation Improvement Plan funds and up to 30% of road projects delivered statewide.

The following table provides total funds expenditure detail for Highway Division programs.

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Maintenance	488,825,399	570,417,935	567,207,836	566,677,478
Preservation	296,200,035	274,001,494	403,955,652	405,061,206
Bridge	149,597,412	325,853,130	552,126,635	557,030,174
Highway Operations	176,518,140	263,369,158	387,456,104	387,329,983
Modernization	397,154,859	344,154,839	166,105,480	167,404,546
Special Programs	264,637,701	367,926,888	403,518,038	422,819,406
Local Government	213,762,183	381,553,732	207,531,613	208,473,588
<b>Total Highway Division</b>	<b>\$1,986,695,729</b>	<b>\$2,527,277,176</b>	<b>\$2,687,901,358</b>	<b>\$2,714,796,381</b>

Revenue Sources and Relationships

Highway programs are supported by state, federal, and local funds. Most of the Federal Funds available for highway programs are Federal Highway Administration funds. State funds include fuel tax receipts, weight mile taxes, vehicle registration, and highway user revenue bonds. Local funds are provided by cities and counties for projects funded by the local entity in whole or in part, as well as projects for which the local entity is paying ODOT to do some or all of the project work. The 2019-21 legislatively approved budget includes \$480 million in highway user revenue bond proceeds to pay for identified projects. The following display shows gross Highway Fund revenue from the major state revenue sources. These numbers do not include revenue from motor fuel tax rate increases scheduled to take effect in January of 2020 and 2022.



December 2018 ODOT revenue forecast

Budget Environment

The highway infrastructure, including pavements, bridges, and traffic control systems, continues to age and require more maintenance and a larger share of ODOT’s revenue each year. With an aging infrastructure, it



becomes more difficult to keep pace with growing costs through efficiency gains. A recent report on pavement and bridge conditions entitled *Rough Roads Ahead 2* details how Oregon is falling behind on the fundamentals of preserving and maintaining highways and bridges. The current forecast for the state highway system indicates there will not be enough funds to sustain the system in its current condition and performance.

The Statewide Transportation Improvement Program (STIP) is the state's ongoing transportation preservation and capital improvement program. It identifies transportation projects funded from federal, state, and local government transportation funds. It includes all federally-funded projects, 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 on Indian Reservations. The STIP encompasses a four-year construction period based on a federal fiscal year. STIP projects are developed in accordance with state statutes as well as the goals, policies, and guidance set forth in the Oregon Transportation Plan, ODOT's overall policy document directing transportation investments.

Projects in the STIP are identified and prioritized using planning processes described in the 2016 federal transportation funding act, Fixing America's Surface transportation Act (FAST Act). Starting in the 2015-18 STIP, ODOT created two broad categories for project selection: *Fix-It* and *Enhance*. The Fix-It project selection process is like prior STIPs; these projects are developed mainly from management systems that help identify needs based on technical information for things such as pavement and bridges. The Enhance program merged several separate programs into a single funding stream to fund projects across modes. This new approach makes investment decisions based on the system, not for each mode or project type separately. It better reflects Oregon Transportation Plan policy and better incorporates direction from the OTC, the Governor, and the Legislature, as well as from federal agencies and legislation.

The Highway Division has successfully delivered major construction programs – the Oregon Transportation Investment Act (OTIA) I, II, and III and the Jobs and Transportation Act (JTA). OTIA III directed ODOT to bond for \$1.3 billion in bridge investments and \$300 million in Modernization investments; JTA authorized ODOT to complete \$960 million in specified projects. These one-time revenue authorizations have allowed the Highway Division to replace and repair several bridges and modernize the transportation system on both the state and local levels and have created highway construction jobs. Generally, all state highway projects are built by private contractors and are awarded by ODOT through a competitive bidding process.

Since the start of the 2017-19 biennium, the Division's primary focus has been implementation of HB 2017 (2017), which made a significant investment in transportation. Among other things, the measure directs the agency to undertake over \$647 million in named transportation projects across the state. To date, the Division has received a total of 217 project delivery positions to address the related workload. Even with these additional positions, the agency anticipates increasing the amount of outsourcing for project delivery from the current 50% to approximately 70%. It should be noted that, due to the economic downturn in 2008-09, the Division was required to make a series of reductions over several biennia that resulted in the loss of about 200 positions.

#### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$2.71 billion Other Funds is \$187.5 million, or 7.4%, more than the 2017-19 legislatively approved budget level. The increase largely reflects the phase-in of HB 2017 projects and positions, and the anticipated timing of payments for construction projects in the STIP. The budget adds 52 positions (51.50 FTE) for HB 2017 project delivery, including 10 positions (9.50 FTE) to establish a tolling program. It also adds \$2.4 million for service agreements and other operating costs to maintain the state radio system.

## Driver and Motor Vehicles Services

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
General Fund	--	--	--	--
Other Funds	182,952,252	232,445,226	211,064,630	247,310,572
Federal Funds	908,340	2,023,588	2,103,458	2,103,458
<b>Total Funds</b>	<b>\$183,860,592</b>	<b>\$234,468,814</b>	<b>\$213,168,088</b>	<b>\$249,414,030</b>
Positions	876	870	865	989
FTE	847.41	850.00	846.50	910.46

### Program Description

Driver and Motor Vehicles (DMV) licenses and registers nearly 2.5 million drivers and motor vehicles annually and enforces motor vehicle-related laws. There are 60 DMV offices statewide serving approximately 12,000 walk-in customers every business day. In addition, DMV personnel process approximately 8 million transactions and respond to over 1.5 million phone inquiries each year through three call centers, two of which are staffed by Department of Corrections adults in custody. Law enforcement agencies access about 141,000 records each day, and businesses and individuals make over 2.3 million DMV record requests each year.

### Revenue Sources and Relationships

DMV is supported by fees levied for the various services it provides. Passenger vehicle registration fees are the largest single revenue collected, followed by driver licenses, and truck and trailer titling fees. In addition, a smaller amount of revenue comes from various other sources. These revenues, estimated to be \$910.6 million in 2019-21, flow into the State Highway Fund, the Transportation Operating Fund, and into funds administered by other programs, such as Public Transit and Passenger Rail.

Revenues in excess of DMV collection and operating costs are subject to city, county, and state distribution. Approximately 40% of the revenues collected are projected to be transferred to the State Highway Fund, cities, and counties. In addition, just over 30% or \$298.8 million of the revenues collected are projected to be transferred to other divisions within ODOT and other state agencies.

### Budget Environment

The DMV program is population and economy driven. With strong economic and population growth in Oregon between 2014 and 2017, DMV experienced a steady increase in demand for its services. Recent data show population growth has slowed. Consistent with this, ODOT's December 2018 state revenue forecast predicts DMV is headed toward several years of slower growth.

DMV is currently managing several critical projects. To meet demands for more rigorous standards for the issuance of driver licenses or identification card, and the public demand for timely and online services, in 2015, ODOT launched the DMV Service Transformation Project (STP) to re-design business processes and modernize the information systems used by DMV. The 2019-21 legislatively approved budget provides expenditure limitation of \$30 million for years five and six of the 10-year modernization project. By all accounts, STP Phase 2 (rollout of the new Driver system) – is currently on track for successful completion in 2020. ODOT estimates that by the end of the biennium it will have spent \$77 million of the estimated total \$90 million project cost.

At the same time that DMV is undergoing a transition to modern information systems, the program has been tasked with implementation of recent policy changes. The DMV, for example, has a significant role in the implementation of HB 2017 changes to vehicle registration and title fees. The measure increased these fees in stages – in 2018, 2020, and 2022, and requires the agency to create and implement variable fee structures for both passenger registration and light titles based on the EPA fuel efficiency rating of the vehicles beginning in January 2020.

Another workload and budget driver for this program has been the federal REAL ID Act. Until recently, state law prohibited the use of non-federal funds to implement the federal mandate. In 2017, however, the Legislature repealed that law and directed the agency to achieve full compliance with the federal law and begin issuing REAL ID cards by July 2020. The confluence of these changes represents a considerable workload for DMV.

#### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$249.4 million is \$14.9 million, or 6.4%, higher than the 2017-19 legislatively approved budget and includes 989 positions (910.46 FTE). The Legislature approved \$30 million Other Funds to continue the DMV Service Transformation Project (STP), a ten-year project to modernize DMV IT systems. In addition, \$3.65 million was provided for maintenance and support costs associated with components of the STP that have already been implemented. The budget provides 49 new positions (33.87 FTE) for DMV field offices to begin issuing REAL ID driver licenses and identification cards beginning July 2020. The budget also provides 71 new positions (26.34 FTE) to implement HB 2015 (2019), which requires the department to issue driver licenses, temporary permits, and identification cards to applicants without requiring proof of legal presence in the United States.

#### **Motor Carrier Transportation Division**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds	59,511,907	65,935,251	70,619,707	70,414,081
Federal Funds	--	--	--	--
<b>Total Funds</b>	<b>\$59,511,907</b>	<b>65,935,251</b>	<b>\$70,619,707</b>	<b>\$70,414,081</b>
Positions	283	294	294	294
FTE	283.00	288.00	294.00	294.00

#### Program Description

The Motor Carrier Transportation Division (MCTD) administers and enforces laws and rules associated with motor carriers, including regulations related to commercial vehicle registration, safety, and weight-mile tax. MCTD issues over-dimension variance permits and enforces truck size and weight regulations. Division enforcement officers and safety specialists check trucks mainly at 88 weigh stations, including six ports-of-entry, and at dozens of portable scale sites.

The Division also processes mileage reports and collects highway-use (weight-mile) taxes and fees. The Green Light Program increases weigh station capacity by weighing trucks in motion on the highway and sending a green light signal to those with transponders if they do not need to stop at a weigh station. As of August 2017, the Green Light program weighed in-motion and pre-cleared trucks more than 24 million times. Also, the Division offers an online service for permit processing, road-use tax reporting and payment, and other transactions to save motor carrier companies time and money.

#### Revenue Sources and Relationships

Revenue from weight-mile taxes, commercial vehicle registrations, and permits provide the primary resources to support this Division. All revenue in excess of the amount required for carrying out the regulatory and safety programs, about 92% of revenue collected, is transferred to the State Highway Fund, cities, and counties, and is used to cover debt service.

#### Budget Environment

After examining objective outcome-based performance measurement data in 2006, MCTD significantly modified its approach to safety enforcement. Data showed that truck driver actions, rather than truck mechanical defects, cause more than 95% of truck-at-fault crashes in Oregon. Finding unsafe drivers and taking them off the road reduces crashes. The change in emphasis is credited with the dramatic improvement in accident reduction in the

immediately following years. According to federal statistics, Oregon ranks first nationally in inspector proficiency in detecting and placing deficient drivers out of service.

Online business was up in 2016 as Trucking Online handled 17.1% more transactions and 13.3% more records inquiries than the previous year. In the major categories of activity, there has been a steady increase in online weight-mile tax reports and payments. Now, nearly half of all such transactions are completed online. The annual renewal of truck registration or tax credentials is another major online activity. In 2016, companies based out of state put the paperwork aside to electronically renew 74% of all tax credentials needed for trucks that operated in Oregon in 2016. As a result, Oregon saved 330 reams of paper (a stack that would reach more than 60 feet high), plus more than \$50,000 in postage and staff time to process and mail renewal-related materials.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$70.4 million total funds is \$4.5 million, or 6.8%, more than the 2017-19 legislatively approved budget level and includes 294 positions (294.00 FTE). The increase mostly reflects the full biennial costs of positions added in 2017-19 for implementation of HB 2017.

**Transportation Development Division**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds	128,557,717	174,619,589	182,609,662	183,488,798
Federal Funds	155,374	208,630	202,339	201,769
<b>Total Funds</b>	<b>\$128,713,091</b>	<b>\$174,828,219</b>	<b>\$182,812,001</b>	<b>\$183,690,567</b>
Positions	230	241	238	241
FTE	221.01	227.43	229.27	232.27

Program Description

The Transportation Development Division has a diverse portfolio, providing support and services ranging from shared technical assistance to cities, counties, and metropolitan planning organizations (MPO), to financial support of planning and infrastructure projects needed for the agency, as well as support to local government projects. These initiatives and projects require a diversity of working partnerships, collaboration, and involvement, including representation from the public, advisory committees, metropolitan planning organizations, and Tribal Governments. There are also funding opportunities in the form of grants to local governments to assist in planning a viable multimodal transportation system (such as the Transportation and Growth Management program – TGM), and infrastructure grants that support the building of this system (Connect Oregon).

The four program areas of the Transportation Development Division are Statewide and Regional Planning; Data, Analysis, and Research; Statewide Transportation Improvement Program (STIP) Development and Program Oversight; and Transportation System Projects:

- Statewide and Regional Planning – Federal and state law requires ODOT to prepare and maintain a long-range transportation vision and policy direction. These policy plans then help assure the broad needs and issues for each mode is considered in order to provide a safe and efficient transportation system across Oregon. These statewide policy plans in turn guide ODOT and local jurisdictions in completing local and regional transportation system plans that inform investment priorities and decisions for Oregon. Without funding and other support from ODOT, most local jurisdictions would not have the resources to complete this important planning and identify priority projects.
- Data, Analysis, and Research – Oversees Oregon’s transportation asset management system development, data collection and reporting, mapping, forecasting and modeling systems, transportation system analysis, and conducts research to develop and test innovations to enhance the transportation system. By fulfilling these responsibilities, ODOT is able to keep a record of the state of the system, meet federal reporting

requirements, plan for anticipated revenue, turn data into information, and adapt to changing technological, economic, and social demands of the transportation system.

- Statewide Transportation Improvement Program (STIP) Development and Program Oversight – Develops the STIP, Oregon’s four-year transportation capital improvement program, which identifies the scheduling of and funding for transportation projects and programs within the state. Administration of these federal and state funds is required and ensuring program requirements are met is critical to successful outcomes. This is achieved through financial controls, program performance monitoring, and compliance reviews.
- Transportation System Projects (TSP) – The Oregon Legislature previously approved \$502 million for the Connect Oregon program (I – VII). Together, the seven current phases of the Connect Oregon program are improving connections between the highway system and other modes of transportation, better integrating the components of the transportation system, improving the flow of commerce, and reducing delays. To make sure projects are completed, TSP monitors the schedules and expenditures on approved Connect Oregon grants and loans.

### Revenue Sources and Relationships

Planning activities are funded from federal planning grants that apply to Statewide Planning and Research, Surface Transportation, and Highway Bridge Replacement and Rehabilitation programs. Revenue transfers from the highway program support highway planning, system studies, monitoring, and data gathering. The ongoing Connect Oregon program has awarded \$457 million in Lottery bond proceeds in the past seven biennia.

HB 2017 established new dedicated funding sources for the Connect Oregon program. Specifically, it imposes a vehicle dealer privilege tax of 0.5% of the retail sales price of the taxable vehicle. All revenues from this tax, except an annual \$12 million transfer to the Zero-Emission Incentive Fund, will be deposited into the Connect Oregon Fund. The measure also established a bicycle excise tax of \$15 on adult size bikes costing \$200 or more. Revenue from the bicycle tax will be deposited into the Connect Oregon Fund for bicycle and pedestrian projects.

HB 2017 directed the Oregon Transportation Commission to distribute available Connect Oregon funds to four specific projects: Mid-Willamette Valley Intermodal Facility (\$25 million), Treasure Valley Intermodal Facility (\$26 million), East Beach Industrial Park Rail Expansion (\$6.55 million), and Brooks rail siding extension (\$2.6 million). As such, there was no competitive grant cycle for new awards in the 2017-19 biennium. The agency has indicated there probably will not be new awards in the 2019-21 biennium.

### Budget Environment

Passage of HB 2001 (2009) by the Legislature had a number of requirements that affect work that is accomplished, how it is completed, and the impact it has on other stakeholders. Ongoing planning work supports the responsibilities of the Oregon Transportation Commission which requires the agency to identify a system of transportation facilities and services adequate to meet identified state transportation needs. Additionally, current federal legislation (*Fixing America’s Surface Transportation Act*, or FAST Act) places an emphasis on performance measures, and, in some cases, ties federal funding to the outcome of performance measures, especially in the areas of freight, safety, congestion, bridges, and pavement.

### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$183.7 million is \$8.9 million, or 5.1%, more than the 2017-19 legislatively approved budget and includes 241 positions (232.27 FTE). The budget increase mostly reflects the costs associated with new positions related to HB 2017. The program received 11 positions in the 2017-19 biennia and 3 new positions in the 2019-21 legislatively adopted budget. The 2019-21 legislatively adopted budget does not authorize new lottery bonds for the Connect Oregon program; however, it does provide expenditure limitation of \$75 million for awards already made.

## Public Transit Division

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
General Fund	9,399,877	9,747,800	10,118,217	--
Other Funds	27,720,704	85,442,732	274,150,815	246,614,961
Federal Funds	58,886,602	67,550,353	72,037,307	73,747,091
<b>Total Funds</b>	<b>\$96,007,183</b>	<b>\$162,740,885</b>	<b>\$356,306,339</b>	<b>\$320,362,052</b>
Positions	18	26	25	25
FTE	18.00	21.87	25.00	25.00

### Program Description

The Public Transit Section of the Rail and Public Transit Division supports the state's goals for citizens to have transportation choices to live independently and participate in the economy by providing grants, policy leadership, training, and technical assistance to communities and local transportation providers who offer public transportation. The Transit Section operates four program areas:

- General Public Transit – Oregonians take over 130 million rides on public transportation every year. General public transit providers operate the primary transit service delivery system in Oregon. These providers include transit districts, tribal governments, and city and county services, in coordination with private not-for-profit and for-profit services. Some options for public transportation exist in more than 200 cities and towns, all 36 counties, and nine federally recognized Indian tribal areas. The General Public Transit program funds transit services benefitting the general public in rural areas as well as bus and bus facilities to providers across the state while ensuring compliance with various fiscal and legal requirements. Since 2000, general public transportation ridership in Oregon has grown steadily at about 6% per year, in both urban and rural areas.
- Intercity Passenger Program – While public transportation often serves people within communities, links between communities are often missing. Closing these gaps through a combination of passenger rail and bus service benefits many Oregonians who must travel long distances for their jobs or for seniors who wish to age in place and who rely on regional and intercity transit connections as critical lifelines to medical services, groceries, and other essential services. Oregon's rural intercity public transit program provides service options for statewide travel, connecting towns and rural communities with major transportation hubs and urban centers. ODOT works with Greyhound and other intercity operators to create regional connections that use private investments to leverage federal funding. Intercity buses make scheduled connections with other intercity carriers to make traveling accessible, reliable, and convenient. The program continues to fill gaps in our statewide transit system by bringing new bus routes to rural communities and other parts of the state that have been underserved.
- Enhanced Mobility/Special Transportation Fund – The Enhanced Mobility/Special Transportation program removes barriers, coordinates services, and expands options for seniors and individuals with special transportation needs in every area of the state. Public transit services for seniors and persons with disabilities are frequently provided through paratransit and dial-a-ride services that pick people up and drop them off door-to-door. More than 20 million trips on fixed route or demand response service are taken each year by seniors and individuals with disabilities.
- Public Transit Planning and Research – The Planning program supports public transportation-related planning at statewide, regional, local, and corridor levels. Transit Program staff assist in the development of policies resulting in long-range plans and short-range programs based on transportation investment priorities. Activities also include research and development of enhanced trip-making information to improve customer service and provide information for system analysis and program improvements.

### Revenue Sources and Relationships

The sources of funding for Public Transit are Other Funds and Federal Funds. HB 2017 established a 0.1% payroll tax and deposits the revenue into a newly-established Statewide Transportation Improvement Fund to be used mostly for competitive- and formula-based grants to local public transit agencies. Additional Other Funds

resources are derived from transfers from the ODOT Transportation Operating Fund, Cigarette Tax, Oregon ID card revenue, and interest income. In light of the significant infusion of Other Fund monies from the new payroll tax, the 2019-21 legislatively adopted budget eliminates the General Fund appropriation that had been provided in the past to protect the program against losses in its other fund sources.

Budget Environment

Challenges include continued innovation and improvements for accessible public transit services for the elderly, people with disabilities, and rural communities. Oregon’s population is growing, with the fastest growing segments of the population including the oldest residents. Providing mobility that continues their opportunity to participate independently in the community helps to defer or avoid the higher costs of additional dependence on support services. Transit services are particularly important in rural communities. The agency has emphasized strengthening transit connections for rural communities by providing incentive funding for vehicle purchases by providers of intercity passenger service.

Oregon’s urban traffic congestion is becoming more severe. Oregon’s land use and environmental policies challenge the transportation community to provide modern transit alternatives for urban commuters. The Division promotes the use of transportation modes other than single occupancy vehicle trips by enhancing existing services and facilities and increasing transportation options where possible, as improvements in transit options can lead to a reduction in travel delay and stress on the highway system.

HB 2017, through the establishment of a dedicated funding source (the 0.1% payroll tax), will provided a significant ongoing increase in funding for the public transit program, most of which will support grants to local transit providers to expand the availability of transit services.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$320.4 million is \$157.6 million, or 96.8%, more than the 2017-19 legislatively approved budget and includes 25 positions (25.00 FTE). This increase is primarily for grants to transit providers to increase the frequency, reliability, and reach of services; enhance service for low income communities and individuals; and augment connections between and within services in both urban and rural areas. Along with the budget for public transit, the Legislature adopted the following budget note:

The Oregon Department of Transportation is directed to merge the Special Transportation Fund (STF) and the Statewide Transportation Improvement Fund (STIF) into one public transit program. The legislative intent is for the Department to accomplish this with the least possible disruption to the formula allocations and services provided by STF agencies. The Department shall not require STF agencies to submit new or revised plans for formula distributions in the 2019-21 biennium. The Department is directed to report during the 2020 legislative session on the status of the program consolidation, and the administrative costs, including the number of full-time equivalent positions required to administer the consolidated program.

**Rail Division**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
General Fund	10,408,710	9,610,058	10,000,000	--
Other Funds	28,830,297	44,816,163	46,748,837	61,818,051
Federal Funds	11,783,260	16,293,328	17,177,757	17,122,916
<b>Total Funds</b>	<b>\$51,022,267</b>	<b>\$70,719,549</b>	<b>\$73,926,594</b>	<b>\$78,940,967</b>
Positions	33	33	33	33
FTE	33.00	33.00	33.00	33.00

### Program Description

The Rail Section of the Rail and Public Transit Division ensures compliance with federal and state regulations related to passenger and freight rail. The Section operates in the following areas:

- Administration Unit – Defines overall state rail policies, actively represents the interests of rail customers, and ensures that rail transport opportunities are adequately addressed at the federal, state, and local levels. Administration also coordinates the various functions of the Rail Section. As of 2012, the Rail and Public Transit Division Administrator also manages the Public Transit Section.
- Railroad Safety Unit – Ensures compliance with federal and state safety regulations for track, locomotives, rail cars, hazardous material transport, signal and train control, and rail operating practices. In cooperation with the federal government, the program uses a combination of inspections, enforcement actions, and industry education to improve railroad safety. Under a separate statutory program, the unit inspects railroad sidings, yards, and loading docks to ensure the safety of railroad workers. The unit has responsibility for the safety oversight of light rail, streetcars, and trolleys. Staff participates in incident and accident investigations and make recommendations for improvement, if necessary. The unit also inspects crossings of rail fixed guideway operations to ensure compliance with federal and state regulations.
- Crossing Safety Unit – Enforces state laws and administrative rules as well as federal laws and regulations related to crossing safety. Statute directs regulatory authority over all public highway-rail grade crossings in the state. The unit authorizes construction, alteration, or elimination of public highway-rail grade crossings within the state. The unit manages safety improvement projects through administration of federal highway and state funds. Through projects such as construction of grade-separated crossings, signal upgrades, and elimination of crossings, incidents at Oregon highway-rail grade crossings have decreased, averaging 14.3 annually since 2009. In addition to its regulatory role, unit staff work with railroad companies, public agencies, and the public to address crossing safety concerns.
- Operations Unit – Works with advisory groups, the rail industry, private sector transportation partners, and federal, state, and local agencies to help develop freight and passenger rail plans design and other documents. Operations administers both federal and state rail rehabilitation funds to help retain quality rail service to Oregon communities and businesses. The unit manages railroad improvement projects for both passenger and freight rail operations and manages state-owned right of way. Operations manages and markets intercity passenger rail operations and coordinates Oregon’s partnership in the Pacific Northwest High Speed Rail Corridor. The related Point Bus service is currently managed by the Transit Section. As funds are available, Operations provides project management and technical expertise to communities interested in developing rail transport opportunities, such as commuter rail, interurban rail, and excursion rail. The unit also participates in federal proceedings related to railroad mergers, line abandonments, and rail service.

### Revenue Sources and Relationships

Programs operate with dedicated federal (\$17.1 million) and state (\$61.8 million) revenue. For the 2019-21 biennium budget, rather than using General Fund monies, the Legislature increased the level of funds coming from the Transportation Operating Fund by \$10 million for support of Amtrak *Cascades* passenger rail service.

Federal revenues include:

- Federal Railroad Administration (FRA) and Federal Transit Administration (FTA) – \$17.1 million. Includes both freight and High Speed Rail Corridor projects as made available by Congress. These project-specific funds are used for engineering, design, construction, equipment purchases, and contracts.
- Federal Highway-Railroad Grade Crossing Hazard Elimination Funds – \$11.7 million. Budgeted as Other Funds and used for crossing safety projects.

State revenues at the current service level include:

- Custom License Plate Fees – \$6.5 million. This is used for passenger rail. It partially funds two daily round trips between Eugene and Portland.
- Transportation Operating Fund (TOF) Non-Highway Fuels Tax – \$18.8 million. Helps fund two round trips between Eugene and Portland.



- Rail Gross Revenue Fee – \$5.8 million. Paid by Oregon railroads based on their previous year’s gross revenue. Funds can only be spent on rail safety, crossing safety, and administrative expenses.
- Grade Crossing Protections Account (GCPA) – \$1.1 million. Generated from driver license and vehicle registration fees. Used for crossing safety regulation and improvement projects at public railroad crossings.

**Budget Environment**

The lack of stable, adequate funding for both passenger and freight rail keeps their future in Oregon uncertain. In 2007, the Legislature approved dedicating revenue from specialty license plates for use in the passenger rail program. In 2009, the Legislature increased the license fee from \$50 to \$100. To date, the specialty license plate fee revenue has fallen far short of covering expenses for passenger rail. One-time federal funding (CMAQ), Transportation Operating Fund, and strategic reductions in program expenses makes up the difference for the 2019-21 biennium. Costs are driven by the amount of subsidy the state provides for each rail passenger and the addition of train sets to maintain two daily Eugene-Portland round trips.

The section estimates the all-inclusive passenger rail subsidy in Oregon for 2017-19 at \$123.62 per passenger. This amount includes payments to Amtrak, outside vendor maintenance and consultant payments, ODOT’s passenger rail staff wages and benefits, and all associated services and supplies for the passenger rail program. All other states, including Washington, use only the Amtrak payments to calculate their subsidy amount. If ODOT used the same criteria, the passenger rail subsidy would be \$77.16 per passenger. This subsidy is for Amtrak *Cascades* train passengers and does not include Amtrak’s *Coast Starlight* train or Thruway buses that augment the system.

Oregon’s freight railroads are challenged to raise necessary capital to accommodate increases in rail traffic. The short line railroads have difficulty maintaining their systems to safely handle rail traffic. Growth in the transportation systems and the rail industry, combined with heightened interest in freight mobility, movement of hazardous materials by rail, and maintaining and improving passenger rail, will stretch section staff resources to provide adequate services for protecting the public from rail-related incidents, particularly in the rail planning and safety assessment areas.

**Legislatively Adopted Budget**

The Rail Section 2019-21 legislatively adopted budget of \$78.9 million is \$8.2 million, or 11.6%, more than the 2017-19 legislatively approved budget and includes 33 positions (33.00 FTE). The budget provides full funding for Amtrak *Cascades* passenger rail service, as well as \$5.1 million to be used for rail line repairs and a bridge replacement project at the Port of Coos Bay.

**Transportation Safety Division**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds	113,698,657	18,850,201	19,189,241	19,175,340
Federal Funds	14,356,441	19,392,534	20,205,087	20,195,157
<b>Total Funds</b>	<b>\$28,055,098</b>	<b>\$38,242,735</b>	<b>\$39,394,328</b>	<b>\$39,370,497</b>
Positions	27	30	27	27
FTE	27.00	30.00	27.00	27.00

**Program Description**

The Transportation Safety Division advocates transportation safety through statewide education, enforcement, emergency medical services, and engineering. Major efforts focus on occupant protection, intoxicated driving, speeding, distracted driving, youthful drivers, pedestrians, bicyclists, motorcyclists, and employee safety. Safety programs are operated through approximately 400 safety grants and contracts awarded annually to local agencies, non-profit groups, the private sector, and service providers. State and federal funds provide for

statewide public education and information programs and reimburse driver education providers that provide Division-approved driver education programs and training for public safety professionals.

Revenue Sources and Relationships

Approximately 47% of the Safety Division program funds are Federal Funds for work zone enforcement, programs related to DUII, safety belt use, distracted driving, motorcycle safety, traffic data, and safe routes to schools. The remaining 53% are Other Funds, mostly from DMV, for student driver training, motorcycle training, match for federal grant funds, and administration. The division receives a transfer from the Highway Fund for regional safety staff. Funding is also provided from the Transportation Operating Fund for K-12 highway safety programs.

Budget Environment

Traffic safety is an increasing concern. After decades of steady decline, fatalities on Oregon roads began to increase in 2014. This was the start of a trend that continued in 2015 and 2016. The increase in fatalities is part of a national trend of higher fatalities; however, in 2017, the last year for which data is available, Oregon’s rate decreased from 2016 and is at 1.19 fatalities per 100 million vehicle miles traveled which is slightly higher than the national fatality rate of 1.16. Until recently, Oregon’s fatality rates have been consistently below the national average since 1999. The rebounding economy, as well as lower gas prices, helped put more vehicles on the road. Studies show a direct correlation between increased vehicle miles traveled and increased highway fatalities.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$39.4 million is \$1.1 million, or 2.9%, more than the 2017-19 legislatively approved budget and includes 27 positions (27.00 FTE). The increase reflects an inflation adjustment to services and supplies, capital outlay, and special payments expenditures.

**Central Services**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds	200,921,292	241,861,137	265,682,801	261,022,404
Federal Funds	25,000	288,335	300,367	300,367
<b>Total Funds</b>	<b>\$200,946,292</b>	<b>\$242,149,472</b>	<b>\$265,983,168</b>	<b>\$261,322,771</b>
Positions	504	531	523	523
FTE	500.96	513.48	519.82	519.82

Program Description

Central Services provides the core administrative functions that support each of the programs and the Department. This program includes two large divisions: ODOT Headquarters and Agency Support.

ODOT Headquarters Division (82.5 FTE) includes the Director’s Office (composed of the Director, Assistant Director, Government Relations, Communications, and Business Management), the Deputy Director for Central Services, Budget Services, and the Office of Civil Rights. The Office of Innovation moved into Central Services in 2015-17, reporting to the Assistant Director of ODOT. This program identifies possible projects for long-term public-private partnership and solicits information and statements of interest from potential private sector partners.

The Agency Support Division provides the following services Department-wide:

- Financial Services (72.00 FTE) provides the Department with financial services including accounting, collections, payroll, fuels tax revenue, debt, and financial analysis.
- Human Resources (51.82 FTE) provides professional advice and leadership on employee labor relations, classification, recruitment and retention, and training issues, and manages the Department’s human resource

systems and processes. Human Resources staff work closely with operating divisions to identify options to meet staffing needs and more efficient ways of doing business.

- Facilities Maintenance (17.00 FTE) operates and maintains ODOT-owned buildings primarily in the Salem and Portland areas. Crews conduct scheduled inspections and services, repair and replace building system components, and respond to routine and emergency maintenance needs.
- Information Systems (217.00 FTE) plans, develops, and supports business application systems and technology infrastructure, provides procurement and asset management for computing devices and software, and provides security, business continuity, and disaster recovery for the agency’s information systems.
- Audit Services (11.00 FTE) manages the internal audit program ensuring that effective management controls are in place and functioning properly to help management achieve its objectives. External audit provides assurance on financial data submitted by external entities.
- Business Services (10.00 FTE) provides agency-wide records management and mail services; policy and procedure development and maintenance; and reprographic, photo and video, and graphic design services.
- Procurement Services (58.50 FTE) is the central procurement authority for ODOT and manages all procurement and contracting matters for ODOT and the Department of Aviation. Additionally, this program procures on behalf of local transportation agencies that use federal funds in support of the public transportation system in Oregon. Other services include training for ODOT staff; supplier outreach to Oregon’s disadvantaged, minority- or woman-owned, and emerging small businesses; and contract administration and oversight.

Revenue Sources and Relationships

Central Services is supported by a combination of direct and indirect charges. Direct charges are applied where the service can be accurately measured, such as computer use and Highway Fuel Tax accounting. The bulk of the revenues, however, come from indirect charges that are assessed to each division, primarily based upon the number of full-time equivalent positions. The Transportation Operating Fund (TOF) was established by the 2001 Legislative Assembly (HB 3882) to pay the expenses of statutorily required or authorized activities that may not be funded with State Highway Fund monies. TOF revenues are unrefunded gas taxes paid for non-road use fuel, such as for lawnmowers.

Budget Environment

Workload in Central Services is driven by the workload factors affecting the Department. This includes demographic changes in Oregon’s population and economy, implementation of federal appropriation legislation and state legislative priorities, rapidly changing information technology, and efficient delivery of programs.

Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$261.3 million is \$19.2 million, or 7.9 %, more than the 2017-19 legislatively approved budget and includes 523 positions (519.82 FTE). The increase is a combination of inflation and the roll-up cost of positions added in the prior biennium.

**Nonlimited Loan Fund**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
Other Funds (NL)	20,631,172	18,158,214	18,000,000	18,000,000
<b>Total Funds</b>	<b>\$20,631,172</b>	<b>\$18,158,214</b>	<b>\$18,000,000</b>	<b>\$18,000,000</b>

Program Description

Nonlimited programs record revenues and expenses for transactions that are generally internal to the agency and serve operating programs that are subject to expenditure limitation. They are Nonlimited because the level of activity is generally unpredictable. Oregon Transportation Infrastructure Bank (OTIB) is ODOT’s only authorized use of the Nonlimited fund type. The OTIB makes loans to local governments, transit providers, and other eligible borrowers. As loans are repaid, principal and interest are returned to the OTIB and are available for new loans.

### Revenue Sources and Relationships

The program operates with dedicated Highway Trust Funds and loan repayments.

### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget is \$18 million to reflect anticipated loan disbursements for the biennium.

### **Debt Service**

	<b>2015-17 Actual</b>	<b>2017-19 Legislatively Approved</b>	<b>2019-21 Current Service Level</b>	<b>2019-21 Legislatively Adopted</b>
General Fund	2,243,724	4,098,246	25,314,930	25,306,026
Lottery Funds	107,484,130	113,596,792	118,775,740	115,592,980
Other Funds	371,353,676	416,134,682	384,438,233	384,447,137
Other Funds (NL)	506,562,351	155,254,241	--	--
Federal Funds (NL)	20,145,859	21,575,775	21,243,619	21,243,619
<b>Total Funds</b>	<b>\$1,007,789,740</b>	<b>\$710,659,737</b>	<b>\$549,772,522</b>	<b>\$546,589,762</b>

### Program Description

Debt financing for public improvements ensures that current users of a capital facility pay for its use. Oregon has long used this financial tool for road construction; the first Oregon highway bond was issued in Jackson County in 1913 in the amount of \$1,000, equivalent to about \$24,000 in 2015.

Debt service in this program repays highway construction bonds and the state's share of funding for the South Metro Commuter Rail project in Washington County, the Southeast Metro-Milwaukie Extension, Portland Street Car, Short-Line Railroad infrastructure assistance, Industrial Spur infrastructure, and Connect Oregon phases I – VII. Debt service is paid from State Highway and Lottery Funds and is partially subsidized by federal funding. General Fund debt service pays 35% of the debt for the State Radio Project.

### Revenue Sources and Relationships

Other Funds are derived from the sale of bonds, which are retired using allocations of State Highway and Lottery Funds.

### Budget Environment

The American Recovery and Reinvestment Act (ARRA) authorized taxable Build America Bonds (BABs). Under ARRA, issuing these types of bonds qualifies the Department to receive direct federal subsidy payments equal to 35% of the interest costs of the taxable bonds. During the 2019-21 biennium, the Department expects to receive \$21.2 million which will be used to offset debt service payments.

### Legislatively Adopted Budget

At \$546.6 million total funds, the 2019-21 legislatively adopted budget is \$164 million, or 23.1%, less than the 2017-19 legislatively approved budget. The large reduction is due to the one-time Nonlimited Other Funds expenditure of \$155.3 million for re-financing activities in 2017-19. This budget is \$3.2 million, or 0.6%, less than the current service level.

## Capital Improvements

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
Other Funds	5,404,009	8,971,348	7,853,672	17,353,672
<b>Total Funds</b>	<b>\$5,404,009</b>	<b>\$8,971,348</b>	<b>\$7,853,672</b>	<b>\$17,353,672</b>

## Capital Construction

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 Legislatively Adopted
Other Funds	47,000,001	6,300,000	--	20,000,000
Federal Funds	--	--	--	--
<b>Total Funds</b>	<b>\$47,000,001</b>	<b>\$6,300,000</b>	<b>--</b>	<b>\$20,000,000</b>

### Program Description

The Capital Improvements and Capital Construction programs provide for new construction, remodeling, or improvements to facilities leased or owned by ODOT. The Department owns over 1,100 facilities throughout the state, and strives to replace, remodel, or repair these facilities on a regular schedule in order to maximize their value to the agency.

### Revenue Sources and Relationships

Capital activities are funded primarily through transfer of State Highway Funds, although federal grants, bond proceeds, or other resources are made available occasionally.

### Budget Environment

ODOT owns over 1,100 facilities throughout the state and regularly maintains and repairs its facilities. Over time, as equipment and technologies improve and business processes changes, new facilities need to be acquired and/or constructed.

### Legislatively Adopted Budget

The 2019-21 legislatively adopted budget of \$20 million for Capital Construction provides funds to replace the South Coast and Central Coast Maintenance Stations. The South Coast Maintenance Station is a consolidation project for three current ODOT facilities: Coos Bay Maintenance Station, Davis Slough Maintenance Station, and the Coquille Construction Office. The Central Coast Maintenance Station is the relocation of the Ona Beach Maintenance station and co-location with the Department of Forestry in Lincoln County, above the tsunami zone.

The Capital Improvements expenditure limitation of \$17.4 million Other Funds will fund 18 planned facilities and equipment repairs throughout the state. Projects include new and/or replacement of roofs, boilers, sheds, vehicle wash stations, windows, wells, and generators. Also included is \$9.5 million for state radio system equipment replacement.

