

OREGON TRANSPORTATION COMMISSION

Minutes of the Formal Monthly Meeting December 18, 2014 Salem, Oregon

On Thursday, December 18, 2014, at 8:00 a.m., the Oregon Transportation Commission (OTC) and Oregon Department of Transportation (ODOT) staff held a premeeting briefing session and agenda review in Room 240, the Stuart Foster Conference Room, at the Transportation Building, 355 Capitol Street NE, Salem, Oregon. Highlights of the premeeting were:

Director Garrett walked through the agenda for the meeting. Discussion focused on the following topics:

- ***Region 1 ACT***

Director Garrett discussed the proposal for creating an Area Commission on Transportation in Region 1, including the process and the outcome. The proposed solution is a region wide ACT with 31 members. Clackamas County has expressed concern about voting: currently the proposal would require a supermajority of at least 18 votes in favor of any proposal, but Clackamas County believes this should be a higher threshold. Commissioner Lohman indicated he has heard from Metro and JPACT members who wonder why ODOT is pushing for an ACT and he has not been able to articulate the reason well, as he believes that JPACT works pretty well. Director Garrett indicated that ODOT would like to see an ACT because the metro region isn't an island unto itself and needs to have discussions about larger issues with those who live outside the metro region. Lohman indicated that in his experience ACTs succeed when they focus more on finding the best projects rather than counting votes, and that he doesn't care about the number of votes for passage—and the ACT members won't either once they get the ACT going.

- ***Real ID***

Director Garrett explained the federal Real ID Act and Oregon's lack of compliance with the requirements of the act. Commissioner Simpson asked what the implications are for Oregonians if the state doesn't comply, and ODOT staff explained the need to present other identification for federal purposes (such as a passport) or go through alternative screening. Commissioner Morgan asked whether this information has been shared with the Legislature, and Director Garrett explained that ODOT has done so on a number of occasions. Commissioner Morgan asked about the cost of compliance, as well as the timeline for compliance if ODOT receives authority to implement the act, and Commissioner Lohman asked about what other states are in compliance and not in compliance.

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Passenger Rail

Director Garrett walked through ODOT's passenger rail program. Commissioner Baney expressed a need to look at the business case and determine whether we are meeting outcomes and whether we have a sustainable business model to determine whether it's the right investment of resources. Commission Lohman indicated that we could argue that the cost of passenger rail is lower than the cost of expanding highways to serve the trips by road. He also suggested that public investments in projects on freight rail lines that benefit passenger rail also benefit freight, so the freight community should support continued service.

After the review of the agenda, Hal Gard of the Rail and Public Transit Division updated the Commission on the rulemaking around movement of hazardous materials by rail. The rulemaking advisory committee has met twice and is moving toward completing its work and recommending a draft rule. The major remaining issue lies in the level of disclosure of movement of goods, with railroads reluctant to provide origins and destinations of shipments because they consider this proprietary business information.

Leah Craft, ODOT Government Relations Section Manager, provided an overview of the ODOT legislative concepts that will be filed by the Governor and also discussed the Governor's budget for transportation.

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The formal monthly meeting began at 9:30 a.m., in the Gail L. Achterman Conference Room 103 at 355 Capitol Street N.E., Salem, Oregon.

Notice of these meetings was made by press release of local and statewide media circulation throughout the state. Those attending part or all of the meetings included:

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| Acting Chair Dave Lohman | Public Transit/Rail Div. Administrator Hal Gard |
| Commissioner Tami Baney | Communications Section Manager Tom Fuller |
| Commissioner Susan Morgan | Region 1 Manager Rian Windsheimer |
| Commissioner Alando Simpson | Region 2 Manager Sonny Chickering |
| Director Matthew Garrett | Local Program Manager Mac Lynde |
| Central Services Deputy Director Clyde Saiki | Government Relations Section Mgr. Leah Craft |
| Asst. Dir. Public Affairs Travis Brouwer | Governor's Transportation Advisor Karmen Fore |
| Trans. Development Div. Admin. Jerri Bohard | Commission Assistant Jacque Carlisle |
| DMV Division Administrator Tom McClellan | Commission Assistant Becky Sue Williams |
| Highway Division Administrator Paul Mather | |

Acting Chair Lohman called the meeting to order at 9:40 a.m.

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Director's Report

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New Region 1 Manager

Director Garrett said that after a very competitive process that involved a wide array of internal and external stakeholders, Rian Windsheimer was selected as the new ODOT Region 1 Manager. Windsheimer has been ODOT's Portland Region Policy and Development Manager since 2006, and has served as interim Region 1 Manager for the past six months.

Prior to his time with ODOT, Windsheimer worked for U.S. Senator Gordon Smith as a legislative aide, field representative and economic development coordinator. He graduated with a B.A. in Political Science from Whittier College, attended the University of Oregon School of Law and George Washington University Legislative Affairs Program. Windsheimer officially began his role as ODOT Region 1 Manager December 1.

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2015-2017 Governor's Opportunity Investment Budget

ODOT is very happy as an agency with what the Governor has decided to imbed in his budget for transportation. ODOT has a strong platform, and the Governor's budget reflects support of a robust investment in transportation, which strengthens not only the infrastructure, but also the regional economies across the state, as well as creating jobs, now and in the future.

Imbedded in the budget is *ConnectOregon VI* at \$58.6 million. Given the constraints with lottery monies, that is a significant investment. Passenger rail will continue in Oregon with \$10.4 million of General Fund money to help reconcile the cost associated with operating passenger rail. That amount, combined with several other streams of revenue like the lawnmower and vanity license plate funds, cover the \$10 million rail deficit.

Also imbedded in the budget is \$32.7 million for the first phase of the DMV Service Transformation Project initiative for modernization of its computer system; \$9.3 million for senior and disabled transit; \$10 million back from the State Radio Project, and capital construction for highway facilities funds of \$7.5 million for the Meacham Maintenance Station and \$4.5 million for the South Coast, Coos Bay project.

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Institute for Women's Policy Research

A new report from the [Institute for Women's Policy Research](#) and [Jobs for the Future](#) highlights the ODOT/BOLI (Bureau of Labor and Industry) initiative to increase gender diversity in the highway construction workforce, and prepare more women for careers in the heavy highway construction workforce by providing training, support services, and apprenticeships. The research report notes that few other states use federal dollars to attract and prepare more women for careers in this discipline. In Oregon, the percentage of women in construction industry apprenticeships is roughly double the national average. That is attributed to the aggressive efforts of this agency and its sister agency BOLI. While this should be applauded, it is not lost on ODOT that there is still much to do as we develop strategies for improving the workforce pipeline into the construction area.

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Bend DMV

Director Garrett said that after a very long journey, he was pleased to announce the DMV facility in Bend, Oregon is now open for business on the ODOT Region 4 campus. The initiative came in under budget, was a little long on schedule due to some permitting issues, but allowed consolidation of a couple leases resulting in generating per-monthly savings of over \$13,000. The initiative is good for the services we deliver, good for the economics of this agency, and given the history of the project, this is a good day for the agency and the folks in Bend.

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Public Comments

None.

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Area Commission on Transportation (ACT) in Region 1

The Commission received an update from Oregon Department of Transportation and Oregon Solutions staff on the development of an Area Commission on Transportation (ACT) in Region 1. ODOT Region 1 Government Liaison Kelly Brooks, ODOT Region 1 Manager Rian Windsheimer, and Oregon Consensus Project Manager Steve Bryant presented the update. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Portland Metropolitan Area and Hood River County are not currently represented by an Area Commission on Transportation (ACT). Stakeholders in the region, particularly those in rural Clackamas County, have engaged on the topic of ACT formation many times over the years. During the 2013 legislative session, Representative Bill Kennemer introduced legislation to form an ACT in Clackamas County that generated extensive discussion but did not pass either chamber prior to adjournment. In response, ODOT engaged Oregon Solutions to lead a region-wide process to discuss what type of ACT structure could best serve area stakeholders and the agency.

After completing an initial assessment, Oregon Solutions convened a task force to do the following:

- *Assess current transportation coordination structures within the region*
- *Establish a set of agreed upon desired outcomes*
- *Provide direction to the Oregon Transportation Commission on the creation of an ACT or "ACT-like" structure*

The task force adopted a proposed membership structure and provided direction to ODOT staff regarding a preferred decision-making structure and other matters at its November 17, 2014 meeting. Based on the task force recommendations, ODOT staff finalized a draft proposal that

was shared with the task force for comment and review via email the first week of December 2014.

Presentation:

Rian Windsheimer said two primary triggers have brought us to this point. With the creation of the ACTs, there has been a move from region managers making STIP recommendations, to a broader level of engagement with stakeholders to make sure the best projects are brought forward for the very limited funds available. During the last STIP process, Region 1 created a STIP stakeholder committee that was very successful and led to better projects, a broad level of consensus, and also led to a building of trust around creation of an ACT in the region. In addition, it raised the issue that not every voice was heard through that process, particularly the rural voices and the rural/urban dialogue on projects and why they are important to the entire region.

Windsheimer introduced ODOT Region 1 Government Liaison Kelly Brooks and Oregon Consensus Project Manager Steve Bryant. Bryant gave an overview on progress to date on creating a Region 1 ACT. Highlights of the presentation were:

- An overview of the Oregon Consensus Program, which is part of the Governor's Oregon Solutions Team. As part of this effort, an assessment was done and from September through November 2013. Bryant conducted about 60 interviews with stakeholders around the region. A number of themes emerged out of that assessment:
 1. Clackamas County stakeholders were the most vocal in desiring more input on transportation decisions affecting their area and in bringing together the whole region.
 2. There is a widely held perception, from both those within and those outside the Metro area, that there was a lack of informative dialogue between those within Metro, represented by JPAC, and those outside of Metro about each other's transportation needs. Some mechanism to inform that dialogue would be very helpful.
 3. Many feel nothing is going to change without some direction back from the OTC. Many people look to the OTC for direction.
 4. There are significant differences between each of the four counties in Region 1; political, geographical, and population wise.
- As a result, a 22-member task force was created to review the assessment report and set the desired outcomes. A formation proposal, containing eight proposed steps for creation of the ACT, was developed.

Kelly Brooks was tasked with crafting a formation proposal that was reflective of the Task Force's decisions and that followed the guidance set in the ODOT list of questions to be answered when forming an ACT. The draft proposal is now being circulated to a broader audience, with the request that comments be submitted by January 16, 2015. A summary of those comments will be presented to the OTC in January with the hopes of a provisional charter being approved in February.

Rian Windsheimer introduced the Task Force members participating in the panel discussion:
~ Bill Avison, representing the Molalla area of Clackamas County

- ~ Steve Wheeler, Hood River City Manager
- ~ Paul Savas, C4 Co-Chair and Clackamas County Commissioner
- ~ Warren Jones, Clackamas County Commission

Steve Wheeler said the process was very well run, and used the words fair, inclusive, and balanced to describe it. It is a very difficult job to pull together such a big area with so many differences in population and geography. Everyone agrees that decisions should be made on the consensus model if possible. But there is the reality that sometimes consensus cannot be reached, so what number of the 31 members' votes would be required to reach approval? Hood River can support an 18 member decision.

Warren Jones said Clackamas County agreed with the need for an ACT in an area with such a large population base but no seat at the table, and is in 100 percent support of the consensus model that each organization must reach consensus. He thanked the ODOT staff and the Technical Committee for their invaluable work in bringing the data the Task Force needed to inform its decisions.

Paul Savas expressed his gratitude to and respect for ODOT staff, and particularly Director Garrett. He gave a brief history of his diverse background that reflects his experience in this area and said he was speaking today on behalf of the Clackamas County Commission on an issue that is a dilemma, but which he feels can be worked through. He read from a prepared statement from Clackamas County proposing a change in the paradigm. Clackamas County endorsed House Bill 2145 and has operated on the principles expressed the very first meeting of collaboration, consensus, and the principles and purposes of forming and participating on an ACT. Clackamas County supported the concept of a single ACT with equal representation, believing that a consensus model was not only preferred, but that there had been no opposition to it expressed at the first three meetings. Unfortunately, over the past two meetings, new representatives from Metro, the City of Portland, and Multnomah County were installed. The spirit of collaboration, the education received, and the principles they had operated under somewhat vanished. They lost equal representation, the understanding of what the panel had shared, and they lost the very purpose of the ACT's role. But most importantly, the final discussions focused on minimal voting requirements and not much on consensus. Clackamas County Commissioners have serious concerns about moving forward and are not in agreement with the current proposal in regard to the 58 percent, 18 member vote.

Bill Avison said the theme of reaching a consensus forces people to sit down and listen instead just one vote that sways one way or the other. People in Portland don't really know what's going on in the rural areas and people in the rural areas don't know about Portland. Consensus forces people to come together and make a much better commission and a much better decision-making process.

Discussion:

Commissioner Morgan gets a strong sense that the less populated areas are mistrustful of the more populated areas, an issue the Commission has experienced this numerous times in other

regions. She commended the Task Force members for their courage in undertaking the uncomfortable challenge of putting the real issues on the table and confronting them. And they have succeeded. They recognize the value of looking at the transportation system in the regional context, and that that viewpoint has greater value than looking at it in individual pieces. That is the strength of the ACTs in the state. Morgan encouraged the Task Force members to continue down the road of consensus and be willing to do an experimental phase to see if the ACT can come together. The value of having a Region 1 ACT is that now there is a statewide system of ACTs and a viable way to have a communication about the transportation system.

Commissioner Baney said this is a unique conversation in that it is a discussion we don't *have* to have. The ACT platform demonstrates that Oregon has a Transportation Commission and agency that wants ACT input, and wants the ACTs influence in its decision making. That is something to be proud of in the State of Oregon. Baney understands that this region is diverse and she recognizes the fear of decisions being made by someone else and of not having a voice. While that is a valid statement, she worries we may be going for a solution for a problem that doesn't exist yet. This isn't something that will be permanent, but rather something that can be worked through and partnered to create an ACT that works for the region while also providing the OTC members the information necessary to know the regions' needs and priorities, rather than trying to self-determine what those are from a seat in Salem. She hopes the table is set to allow for that conversation.

Commissioner Shipman said he is aware of the history and contention in Region 1 regarding formation of an ACT, and commended the Task Force members for the work done to get past that hump and positioned to come to an equal consensus.

Acting Chair Lohman said if the Task Force is unable to come to an agreement, the fallback position is that ODOT decides. That is not in the regions' best interest. Their best interest is to work together to give the OTC input from their level and work on up, versus something coming from ODOT down to them. From that aspect, he encouraged the group to keep working toward agreement. The proposal is within the realm of workable.

Lohman said, if he understands Mr. Avison and Commissioner Savas correctly, they are not on board with respect to 18 votes being enough for consensus, but believe it should be full consensus. Commissioner Savas said, again speaking on behalf of the County Commission, the first hurdle they experienced was the loss of equal voting from county to county. That changed and the membership changed significantly moving the number from a potential of 26 to a potential of 31. Savas worked to convince the commissioners to accept the 75 – 80 percent consensus model, or “super-majority” vote. He hopes by the next meeting a suggestion or solution will be proposed that will move or influence his fellow commissioners.

Mr. Avison said he keeps falling back to what was presented the first few meetings with the other ACT's where they were told the ACTs absolutely operate on a 100 percent consensus vote, with 75 – 80 percent being the fallback position. A vote of 18 members could probably work if a bunch of folks did not show up, but again, the point of the ACT is consensus.

Acting Chair Lohman said the Rogue Valley ACT suffered the situation of some members worrying about what happens in the abstract and felt the need to protect themselves in case decisions are made that leave them out. As it turned out, the decisions about projects were fine, and the very people who were worrying, were happy with the outcome after spending all that time worrying about the abstract and what may happen in the future. That worry about the abstract caused a lot of problems that need never have occurred.

In response to Acting Chair Lohman's request for clarification on earlier comments about the loss of rural representation, Commissioner Savas said loss may not have been the appropriate term. Some of the memberships from Metro, Portland, and Multnomah County were changed in the last couple of meetings, along with the expertise and understanding of those members. The spirit of collaboration and education, and the principles they were operating under during the first three meetings, vanished after those changes. The County's concerns solidified in the final meetings where there was very little dialogue about consensus; it was about getting the business done with minimal voting, almost as if it was a jurisdictional elected body.

Commissioner Morgan highlighted that this is a long-term undertaking, opening a door and walking down a path that will be walked for years and years. It's important to not consider this a skirmish around prioritizations, but consider it to be a long-term look at prioritizing projects across the region, a priority that shifts according to the opportunities that come up. It's important to maintain the look at, and focus on, the regional transportation system. That's how you will even out the issue about populations and representation.

Acting Chair Lohman closed the discussion by saying whatever the Task Force comes back with in January, you have a chance to live with it for a while and see if it works for you. As Commissioner Baney pointed out, you're not getting a permanent tattoo. He also cautioned task force members to not overlook the technical help the smaller areas receive out of the process, help that in many ways place them in a better position to compete. He thanked the panel members for their hard work, input, and participation.



Final 2015-2018 Statewide Transportation Improvement Program (STIP)

The Commission considered approval of a request to adopt the final 2015-2018 Statewide Transportation Improvement Program. ODOT Highway Division Administrator Paul Mather and ODOT Interim Program and Funding Services Unit Manager Jeff Flowers presented the request. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Oregon Transportation Commission's adoption of the final 2015-2018 STIP will enable the department to forward the document to the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) for final approval. Securing federal approval is the last step in the three-year STIP update cycle, and enables the department to continue to receive and use its federal transportation funds in a timely and orderly manner. The federal approval also includes

the review of the Metropolitan Transportation Improvement Programs (MTIPs). The Governor is required to approve the MTIPs and his signature will be requested concurrently with submittal of the STIP to FHWA and FTA.

The draft 2015-2018 STIP was available for public review from January 16, 2014 through March 31, 2014. Each Region held public meetings on the draft STIP, and comments were received by region and Active Transportation Section staff. A summary of the comments is included in the final 2015-2018 STIP document. Most of the comments received on the draft 2015-2018 STIP were about specific projects or were calling attention to specific safety concerns in respondents' local areas. Responses to these kinds of comments are generally made at the region level. The final STIP reflects any adjustments regions made to their programs in response to comments received. In addition, a summarization of the major project changes made by the regions since the public comment period was included.

The final 2015-2018 STIP will be submitted to FHWA and FTA following Commission adoption. Federal approval of the document is anticipated by early February. Changes to the STIP required after final approval will be processed by the standard STIP amendment process.

Presentation:

Paul Mather introduced newly appointed financial service manager Jeff Flowers, who assisted in giving the presentation. Mather said this is the finish line of the adoption of the 2015-2018 STIP Program that began three years ago today when staff approached the Commission with the idea of approaching this STIP differently by doing an **Enhance/Fix-It** process. A lot has been learned over the past three years, and this is a historic day for the Commission in the adoption of a STIP with a much different process than in the past; a process of setting policy decisions on the **Fix-It** side for the care and maintenance of the system, as well as opening a process on the **Enhance** side to involve the ACTs and local governments to look for the best projects and looking beyond the funding constraints that have confined us into silos in the past.

Jeff Flowers gave some highlights on the background of the STIP from a scheduling/timing standpoint, and on some of the logistics of the federal requirements necessary to adopt the STIP. The draft went for public comment in February and March and no issues were noted during that period. The STIP was refined and finalized by the end of November.

The Commission's action today will allow the STIP to proceed to the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) for final approval. A "rough" approval is anticipated by the first week of February, at which point the next four years of ODOT's transportation program can be implemented.

Discussion:

Commissioner Morgan said this has been a very robust discussion and the result is a good set of projects all across the state that has a lot of local support. It is a solid package.

Acting Chair Lohman said this very innovative **Enhance/Fix-It** concept of thinking outside of the silos was brought forward three years ago, primarily by Transportation Development

Division Administrator Jerri Bohard and Highway Division Administrator Paul Mather. The concept was hard to work through, but it is a real step forward and a big debt of thanks is owed to Jerri and Paul. Lohman also thanked the rest of the organization for embracing the concept.

Commissioner Baney said she appreciates the involvement of, and inclusion of the comments from, local governments in making sure we have the appropriate amount of flexibility to be able to meet the needs.

Action:

Commissioner Baney moved to approve the final 2015-2018 STIP and approval to administratively administer 2015 project phases between the current STIP and the final STIP until federal approval. Commission members unanimously approved the motion.



ODOT's Local Program

The Commission received an informational presentation about the Oregon Department of Transportation's Local Program, from ODOT Region 2 Manager Sonny Chickering and ODOT Active Transportation Manager Mac Lynde. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Local Program is the state oversight of locally administered, federally funded projects. ODOT is responsible to ensure that the expenditure of federal funds, on all projects including local agency projects, meet all federal and state requirements. ODOT can share the authority for delivery of local agency projects, but cannot transfer its responsibility entirely. The ODOT Local Certification program provides qualified local public agencies the ability to retain more authority and control at the local level when developing federally funded projects.

Presentation:

Sonny Chickering talked about the regional perspective on delivery and some of the on-the-ground partnerships, while Mac Lynde talked about what the program is, partnerships at the statewide level, unique tools used, and the allocation of funds. Highlights of the presentation were:

- What is the Local Program? All FHWA projects must comply with the code of federal regulations and United States Code Title 23 USC does not recognize local entities as direct recipients of federal-aid funds. However, these Local Planning Agencies (LPAs) may receive federal funding through the State, and the Local Program is the state oversight of locally administered, federally funded projects through all phases of project delivery, design, right of way, construction, etc.

- ODOT shares about 30 percent of its federal funds with local agencies. Nationally, ODOT is on the upper end; some states don't share any beyond some program area minimums.
- Local Program relationships are governed by two main agreements: ODOT's stewardship agreement with FHWA about program responsibilities and ODOT's local public agency oversight responsibilities, and ODOT and Association of Oregon Counties (AOC)/League of Oregon Cities' (LOC's) agreement with each other about how federal funding programs will be administered with local public agencies.
- Funding includes Federal MAP-21 programs and ODOT 2015-2018 STIP programs – **Enhance/Fix-It**, Local Bridge, Congestion Mitigation Air Quality (CMAQ), and the All Roads Transportation Safety program (ARTS).
- 2014 project delivery of construction projects, by agency administering the project, shows ODOT had 82 projects (65 percent), local agencies 37 projects (26 percent), and Certified Agencies 22 projects (9 percent).
- Each region has an ODOT Local Agency Liaison (LAL) who acts as primary contact for stewardship and oversight of local governments' federal projects, and processes invoices and federal reimbursements.
- The Local Public Agency Certification Program provides a process through which qualified local public agencies can become "certified" in certain areas of federal-aid project delivery. This allows local public agencies to retain more approval authority and control at the local level when developing FHWA funded transportation projects. There are different models of local certification across the nation. Oregon has a tiered approach, certifying for different areas of project development. Other states certify individuals, or for specific types of projects, based on risk. Managing the risks is a balancing act that includes speed, efficiency, control, ownership, cost, time, etc., versus federal and state requirements.
- Partnership is key to the success of the program.

Discussion:

Commissioner Simpson asked how many agencies were currently in the pipeline for becoming certified. Mac Lynde responded that ODOT is currently working on certification of twelve agencies, and interest in the certification program continues to grow.

Commissioner Baney asked how long the certification process takes and what that process looks like. Lynde said it is a lengthy process and ODOT continues to challenge the steps needed to become certified. Marion County recently completed the process in less than two years.

Acting Chair Lohman said there are opportunities to create greater efficiencies to save on overhead for the smaller communities around the onerous US DOT regulations.

Commissioner Morgan said ODOT seems to have a general sense of which agencies fit for the program and which don't. Lynde agreed that ODOT looks to see if the local agency is prepared with the staffing, workload, and tools in place to complete the program. The certification program may not work in some of the smaller communities that would be required to take on

federal requirements rather than doing a fund exchange which only has the state requirements.

Commissioner Morgan asked about the nature of the outreach ODOT is doing toward the local jurisdictions to make them aware of the program and help determine if the program would be a match for their situation. Lynde said it starts in the regions with the local agency liaisons who maintain relationships with local agencies at the region level and share the story from the rural perspective.

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REAL ID Act Compliance Status

The Commission received an informational presentation on Oregon’s Federal REAL ID Act compliance status from ODOT DMV Division Administrator Tom McClellan. **(Background materials in Director/Commission/History Center File, Salem.)**

Background:

In May 2005, the federal REAL ID Act (P.L. 109-13) was signed into law. The law creates standards for state-issued identity documents that will be accepted by federal agencies for official purposes (e.g., airport security checkpoints or entry into federal facilities). The law is intended to strengthen driver license and identification (ID) card issuance processes by setting minimum standards. There is no financial penalty for jurisdictions that fail to comply. However, driver licenses and ID cards that are not compliant may not be recognized by federal agencies for official identification purposes.

The Department of Homeland Security (DHS) is enforcing the REAL ID Act in four phases. Over a seven-month period culminating in January 2015, the first three phases in the enforcement schedule increase the number of federal facilities that will not accept non-compliant cards. The last phase, enforcement for boarding commercial aircraft, does not have an enforcement date at this time.

| <i>Phase</i> | <i>Enforcement</i> | <i>Full Enforcement</i> |
|--------------|---|----------------------------|
| <i>1</i> | <i>Restricted areas – DHS’s Nebraska Avenue Complex in Washington, DC</i> | <i>April 14, 2014</i> |
| <i>2</i> | <i>Restricted areas – All federal facilities and nuclear power plants</i> | <i>July 21, 2014</i> |
| <i>3</i> | <i>Semi-restricted for all federal facilities</i> | <i>January 19, 2015</i> |
| <i>4</i> | <i>Aircraft – Boarding federally-regulated commercial aircraft</i> | <i>No sooner than 2016</i> |

Oregon has been operating under extensions of the enforcement dates since 2013. Due to ODOT’s continuing efforts to improve the security of its driver license and ID card processes, DHS recently

granted Oregon an extension that will expire on October 10, 2015. During this extension period, federal agencies will continue to accept Oregon licenses and ID cards for federal purposes even though Oregon is not fully compliant with all provisions of the REAL ID Act. An additional extension may be possible if DHS receives sufficient information regarding Oregon's progress towards meeting outstanding requirements.

ODOT is currently unable to meet all provisions of the REAL ID Act, partially due to statutory restrictions. In 2009, the Oregon Legislature passed SB 536, which prevents state agencies from expending funds to implement the REAL ID Act, unless federal funds are received to cover the costs to implement the act and strict security measures are put in place. Oregon received some grant funds to cover work approved prior to SB 536. However, funds received were not sufficient to cover the full cost of implementing all provisions.

DHS has determined that Oregon is compliant with all but ten provisions. DMV is working on a few small administrative changes that will meet additional provisions and bring Oregon closer to compliance. The department will need statutory authority to implement some elements of REAL ID. For example, the act requires retention of source document images (proof of identity and legal presence, such as a passport or birth certificate). Current state law does not provide authority to retain copies of those documents. A significant cost will be associated with imaging and storing this large number of documents. Until legal authority is given, Oregon will not meet this provision and will remain out of compliance with REAL ID.

Meeting the standards of the REAL ID Act requires developing new computer systems and links to external systems; establishing new policies and procedures; and hiring and training additional staff. A project of this magnitude would compete with the Service Transformation Program (STP), which also requires time, money and resources. However, it may be possible to meet some provisions of REAL ID with the STP project.

The financial analysis requires numerous assumptions due to current unknowns with implementing the STP and REAL ID:

- Oregon will issue both REAL ID compliant and non-compliant driver licenses and identification cards. Non-compliant cards include driver licenses issued without a photograph because the applicant objects either on religious grounds or because of an applicant's facial disfigurement.*
- Identity and legal presence source documents (birth certificates, social security cards, etc.) will be imaged in DMV field offices.*
- DHS will allow customers with the current version of Oregon cards to continue to use them to enter federal facilities and board commercial airplanes until the standard eight-year renewal date (i.e., Oregon's three million license and ID holders will not need to renew in a very short period of time.)*
- The legislature will make the changes necessary to fully implement REAL ID.*
- The legislature will fund implementation of STP and REAL ID.*

If a policy decision is made to meet all provisions of the federal act, then the department will develop a plan with estimated costs and timelines. This would require legislative approval and

modifications to the scope, schedule, and budget of the STP program. A deferral of enforcement provisions also would be requested from DHS according to the proposed implementation plan.

Due to the amount of work associated with meeting REAL ID requirements, the department cannot become compliant by 2016 even if the Oregon Legislature makes the necessary statutory changes and funds the effort. If compliance is not achieved, and we do not receive extensions, Oregonians may need to show alternate forms of identification to enter federal facilities and board commercial aircraft by early 2016. Alternate forms of ID may include U.S. passport, U.S. passport card, U.S. military ID, or a border crossing card.

Presentation:

DMV Division Administrator Tom McClellan gave the presentation on the status of Oregon's compliance with the Federal Real ID Act. Highlights of the presentation were:

- Background – the act, signed into law in 2005, has had a series of deadlines established and extensions granted . It sets standards for state-issued identification documents, ID cards and driver licenses, to meet the standards that federal agencies accept for purposes of identity to access federal facilities and board airplanes. This does not include access to federal benefits.
- Four phases of enforcement have been identified. The schedule for denial of non-compliant state-issued ID:
 - Phase 1: April 14, 2014 – Dept. of Homeland Security's Nebraska Avenue Complex in Washington, D.C.
 - Phase 2: July 21, 2014 – nuclear power plants and all federal facilities with restricted access.
 - Phase 3: January 19, 2015 – federal facilities with semi-restricted access.
 - Phase 4: no sooner than 2016 – boarding federally-regulated commercial aircraft.
- Oregon is not the only non-compliant state. Status of other states in the nation include 21 compliant, 4 non-compliant, 23 extensions, and 3 states with enhanced driver licenses. There are about ten provisions for compliance and ODOT has done as much as it can do policy and procedure wise without changes to state laws, and additional funding and staffing.

ODOT has applied for and received two extensions which run to October 10, 2015. The biggest item DMV is not in compliance with has to do with the retention and imaging of identity type documents like birth certificates, which we do not have authority to image and which the 2009 legislature made very clear was something they did not want. Anyone issued a license or ID card since 2008 would be required to bring all those documents, which the DMV had already reviewed and approved, back in to the DMV the next time they renewed. That is a big deal. The biggest fiscal impact is in the workload and additional time reprocessing each of those original, renewal, replacement driver licenses and ID card transactions as they come in. The estimate is 30 – 33 positions statewide, about \$4 million each biennium, will be needed to accommodate these transactions. The alternative is deterioration of service levels.

Discussion:

Commissioner Baney asked how other states are meeting the imaging and retention requirements and what the early federal money received for Real ID was spent on. McClellan replied that many states were already imaging documents as part of their process prior to Real ID, and those who took this on later, had the option of increasing fees. The way Oregon law stands now, we cannot raise our fees and use that money to pay for the additional work associated with Real ID. The small amount granted for implementation was used for electronic verification of Social Security numbers and immigration documents with Homeland Security, and has long expired.

Commissioner Baney said the push to passports has her worried about what that would mean to staffing concerns for local government clerk's offices. Somebody pays, and she hopes we continue to keep the heat on to make sure we do the right thing for those we are trying to serve by making sure they have access to airports and airlines, and that the cost is not bourn just by them.

Commissioner Simpson asked what the Real ID card would have that the previous card does not have. McClellan said the card itself would not be that different, outside of possibly a few small security features that might be added. The real change is in procedure and the steps the staff go through.

Acting Chair Lohman asked if any of the non-compliance provisions could be removed from the list if the legislature provided the requested funding for the DMV Service Transformation Program this session. McClellan said much of the non-compliance provisions are around policy, and the Service Transformation Program is independent of this issue.

Commissioner Morgan clarified that because there is no statutory authority to proceed with the provision to make images and store the documents, this is not part of what is being discussed in the proposal for the new DMV software package. McClellan said this is not something that has been identified as a capability we envision. We do envision more electronic forms and less reliance on paper.

Commissioner Morgan asked if there was a legislative initiative that got on board with the Real ID requirements would there be the time to weave that into the proposed software updates. McClellan said possibly, but the updates might be too far out in the future to meet Homeland Securities current 2016 timeframe. But that doesn't mean a non-compliant state can't become compliant at a later time, with a deferral for that time if the agency can show positive steps in place on that path.

Commissioner Baney said we need to carefully manage expectations moving forward with modernizing the DMV system to make sure there are no misunderstandings that the Real ID Act is any part of the Service Transformation Program and any investment the legislature might make in the Service Transformation Program does not include this.



The Commission broke for lunch at 12:13 p.m. ODOT Highway Division Administrator Paul Mather discussed the management by ODOT's regions of their financial plans and how they balance their books across many projects, some of which come in under budget and others that require additional funds. ODOT has put in a change management process that tightly manages each project's scope, schedule and budget in order to keep projects on track. The OTC reconvened at 1:10 p.m.



Passenger Rail Program

The Commission received an informational presentation about the Oregon Department of Transportation's Passenger Rail Program and 2015-2017 funding needs. ODOT Rail and Public Transit Division Administrator Hal Gard gave the presentation. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

ODOT seeks funding to maintain the current service level of the Amtrak Cascades intercity passenger rail service between Eugene and Portland, and to allow the service to grow in the future. ODOT is working diligently to control rising costs, increase performance and ridership, and plan for future service improvements.

The Amtrak Cascades is a fully sponsored intercity passenger rail service provided by Oregon and Washington. The service includes two daily roundtrips between Eugene and Portland, four daily roundtrips between Portland and Seattle, and two daily roundtrips between Seattle and Vancouver, British Columbia. Ridership has steadily increased since the service began in 1994, topping 211,000 riders in 2012, a 43 percent increase since 2007 and a 250 percent increase since 1999.

As with other forms of public transportation, passenger rail must be subsidized, thereby requiring some level of government support. ODOT has paid for the service through revenues from ticket sales, other non-highway fund revenues, and revenues generated by custom license plate fees that the Oregon Legislature dedicated toward train service. The resources available to ODOT to pay for the service are no longer adequate to cover the full costs due to a number of factors that have combined to increase the gap between revenue and costs. In order to continue providing passenger service, ODOT needs an additional \$10.4 million in the 2015-2017 biennium. ODOT was able to negotiate cost savings and identify areas where costs are not expected to be as high as originally anticipated. In addition to the cost savings, ODOT has identified funding sources that are available for use in the 2015-2017 biennium, such as federal funds and additional TOF funds.

Without additional funding, ODOT will have to cancel the Amtrak Cascades service in Oregon. If this occurs, the slots reserved for passenger trains on Union Pacific rail lines may be lost. If ODOT

were to pursue adding back passenger rail service in the future, ODOT estimates that Union Pacific could require millions of dollars to restore service to today's levels.

If service is stopped in Oregon, Oregon's two new Talgo train sets will no longer run in Oregon. Oregon would have to pursue an arrangement to sell or lease the trains, which may lead to the state reimbursing the federal government for the purchase price as agreed to in the federal grant received.

Since 1994, Oregon has invested nearly \$300 million in state and federal resources in improving and operating the passenger rail corridor. Increasing passenger rail ridership and service is a priority identified in the Oregon Transportation Plan. Continuing operations of the Amtrak Cascades service will ensure preservation of these significant investments and will support the Oregon Transportation Plan and other state planning efforts.

Presentation:

ODOT Rail and Public Transit Divisions Administrator Hal Gard gave the presentation on funding passenger rail. Highlights of the presentation were:

- The Pacific Northwest rail corridor is one of ten nationally-designated high-speed, intercity passenger rail corridors. The service, which started in 1994 is operated by Amtrak and promotes safe transit, oil dependence reduction, greener travel, congestion relief, "hands free" travel, and travel options for commuters.
- Oregon has received national attention and is one of the best performing passenger rail service lines in the nation, always ranked in the top three, exclusive of the Northeast corridor which has its own special rating. Because of our successes, the FRA has reached out to ODOT to develop a regional plan so we can learn from our successes and share what we're doing right with other states.
- Passenger rail is critical to state planning efforts like statewide modal and topic plans, the Corridor Management Work Plan, the Oregon Passenger Rail Corridor Improvement Plan, Metro's Regional Transportation Plan, and Washington State's Rail Plan.
- The current funding deficit is the result of Oregon losing its federal subsidy in 2013 resulting in an increase in operating and maintenance costs, ridership potential not being maximized, custom plate revenue being down, and no long-term, sustainable revenue stream.
- ODOT is working to reduce costs by managing service as a corridor with WSDOT, developing partnerships, engaging British Columbia to share costs, engaging the rail community to identify cost savings, better marketing of the service, and by the use of one-time federal dollars.
- The consequences if not funded include canceled service in Oregon, selling the new trains and repaying the federal government, losing use of the Union Pacific line, negative economic impact, increased congestion, and job loss.
- The State Rail Plan has just been completed and is one of the criteria to be eligible for federal funds.
- The estimated revenue shortfall is about \$10.4 million now and an \$18.3 million shortfall in the 2017-2019 biennium.
- ODOT has experienced a steady increase in ridership until this past year when its on-time performance suffered resulting in a loss of ridership. The on-time performance is

associated with host railroad delay, which appears to be the result of the railroad being at capacity and natural causes like landslides.

Discussion:

Commissioner Baney clarified that these budget amounts don't include track improvements; they are strictly the operations of the trains. She asked how things, like increasing ridership and meeting outcomes of less congestion and greenhouse gas emissions, are being factored together to show there is a return on the investment. Hal Gard responded that ridership is tracked very closely, along with the outlay. The variable is that costs go down as ridership goes up because of larger fare box returns. If trains were full all the time the next two years, we would see a significant reduction in the next biennial ask because our percentage to Amtrak would decrease. Baney said it's important to see where we get to that tipping point of what success would look like. In terms of ridership, with the level of ridership we have, should we anticipate \$18 million in 2017-2019 a good figure or is it still significantly higher than what it should be in terms of investment and ridership? Gard said he would have staff look into this, and he will try to come back with a sharp balance. He said subsidies are hard. It comes down to how much per person we are willing to spend, and that's a different answer if you are an elderly person trying to get to the doctor or hospital versus a college student that can ride any bus to meet a schedule. It's subjective; how much subsidy is enough for *what*?

Commissioner Simpson asked if there have been any studies or surveys conducted on riders' experiences riding trains in Oregon. Gard said extensive outreach and passenger surveys have been done as part of the Environmental Impact Statement (EIS). There is broad support of passenger rail within the state. In addition, on-board surveys are conducted where often the response is about minor maintenance issues of doors and seats. In general, trains are the ride of choice for a very large segment of the population, running the gamete of those taking a leisurely ride to folks commuting to work, particularly during the legislative session. The biggest advantage of train travel, outside of comfort and being able to walk around, is productive time as opposed to driving time.

Director Garrett commented back to Commissioner Baney's question on what is the acceptable use of subsidies. He said that question can be addressed by looking at the other corridors, excluding the Northeast corridor, and comparing the various revenue streams ODOT's sister state corridors are experiencing that would give a current picture of where we are.

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Internal Audit Function

The Commission received an informational presentation on the Oregon Department of Transportation's internal audit function. Central Services Deputy Directory Clyde Saiki, Audit Services Branch Manager Marlene Hartinger and State Radio Project Site Acquisition Manager Gail Harbert gave the presentation. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

The Oregon Department of Transportation's internal audit function is established in state law under ORS 184.639, which requires that the "Director of Transportation shall designate an internal auditor for the Department of Transportation who shall perform internal audits of the department and report findings to the Director." Internal audits are independent reviews that identify ways to improve ODOT operations. The function has an important role in promoting accountability and providing managers with information needed to carry out their responsibilities. Oversight of the internal audit function is provided by the ODOT Audit Committee, chaired by the Director. The role of the Audit Committee is set in ODOT policy.

Presentation:

Clyde Saiki said Audit Services performs an important function and is viewed as a very important business tool. While some departments view the internal audit function and its auditors as something to be avoided, ODOT has programs that call and ask for auditors to be sent over to help with compliance issues or to provide a risk management function. Saiki asked members of Audit Services in the audience to stand up and be recognized for being professionals that are recognized throughout state government, and by Departments of Transportation across the nation, for their skill and expertise.

Marlene Hartinger continued the presentation on ODOT's internal audit process. Highlights of the presentation were:

- Audit's has two sections, internal and external. External audits ensure costs charged to ODOT by external entities are accurate, reasonable, and comply with regulations. Internal audits were established in state law by (ORS 184.639), are overseen by the Audit Committee, and are independent audits and reviews of ODOT operations.
- Audit Services follows Government Auditing Standards issued by the U.S. Government Accountability Office (GAO).
- Audit standards require independence in regard to organizational placement, unrestricted access to records and personnel, and to report to those charged with governance of the agency.
- The ODOT Audit Committee is crucial for internal audit independence. The committee is chaired by the Director, composed of top ODOT management and a Transportation Commissioner, and approves the work plan, receives audits, and follows up on recommendations.
- What to audit is decided by topics identified through risk assessments, requests from management, required work, and follow up on previous audits.
- Risk-Based decision making.

Gail Harbert talked about the State Radio project and how an audit helped make improvements to the site acquisition process. As Site Acquisition Manager, she oversees the site functions for communications site leases to ensure all communications sites are in compliance with federal, state, and local regulations. While in the process of developing a procedure manual and looking for areas of improvement for what used to be called OWIN, a 37-page internal audit report titled, *Controls Needed and Partnerships in Site Acquisition*, landed on her desk. The audit proved to be a resource that identified the areas needing improvement she had been looking for. So instead of having to reinvent the wheel, now the

job was to come up with a plan on how to implement those changes, which was easy because she agreed with the findings in the audit. There was some resistance when the audit was presented to staff, but it didn't take long for staff to see the benefit of the audit recommendations. Success was evident in 2012 when the follow-up audit, titled *Substantial Progress Made: Further Improvements Needed in Some Areas*, revealed how well staff has done implementing the changes. This time, suggestions that improvements were needed in some areas were met with a very positive reaction. Harbert said the internal audit was a blueprint for success.

Discussion:

Director Garrett and several members of the Commission noted that the State Radio Project, formerly known as OWIN, had gone through some very rough waters before it was given to ODOT. It was apparent some diagnostics were required. The audit did the diagnostics, gave almost a prognosis, and prepared the way for Project Delivery staff to come in and deliver the vital and critical communication infrastructure called the State Radio Project, which ensures the men and women of emergency first response units have someone on the other end of their radio if they find themselves in awkward times. Garrett congratulated and thanked Marlene Hartinger and the audit team for setting the table by truly understanding the path required, and also to Tom Lauer, Dick Upton, and the State Radio Project Team that animated the prognosis articulated in the audit.

Marlene Hartinger said ODOT is very active in the AASHTO Audit Subcommittee. ODOT will host the 2015 annual AASHTO conference for the national gathering of DOT auditors next summer, July 19-22, in Portland. She invited Commission members to attend as much of the conference as possible.



Road Usage Charge Program (RUCP)

The Commission received an informational presentation and update on the development of the Road Usage Charge Program from ODOT Oregon Innovative Partnership Program Manager Jim Whitty and ODOT Public Information Officer Michelle Godfrey. ***(Background materials in Director/Commission/History Center File, Salem.)***

Background:

Drawing on the success of Oregon's Road Usage Charge Pilot Program in 2012-2013, the state passed legislation (Senate Bill 810) establishing the nation's first mileage-based (or road usage) revenue program for light vehicles. The program authorizes the Oregon Department of Transportation to:

- *Assess a per-mile charge for up to 5,000 cars and light commercial vehicles whose registered owners participate in the program.*
- *Set the road usage charge at 1.5 cents per mile (compared to 30 cents per gallon for gas tax).*
- *Refund gas tax to participants (when applicable).*
- *Launch the RUCP by July 1, 2015*

Participation in the program is currently limited and voluntary, but it is anticipated in the future the legislature will incrementally mandate the program for various vehicles.

Summary of the Operational Program: It has taken the Road User Fee Task Force and ODOT 12 years of research and testing to hone the right policies and design for the per-mile charge to achieve success in the state legislature. ODOT will prove the system operationally before the state considers mandating system use.

Going operational July 1, 2015 is the first step, but not the final goal for the Road Usage Charge Program. The initial cap of 5,000 volunteers will not allow an adequate market opportunity to fully achieve the advantages of an open architecture platform. When sufficient numbers of road usage charge payers enter the program—whether by action of the Oregon Legislature or when other states adopt Oregon’s open system platform for their own programs—the market will come alive, reducing system costs to an affordable level and providing competitive services for participants.

Recruiting Volunteers and Achieving Acceptance: Prior to “go live” 7/1/2015, a citizen may enroll in an “Interest Group” from which volunteers can be qualified to participate in one of three RUCP categories based on vehicle mile per gallon rating.

The purpose of the ODOT RUCP Marketing Communications Plan is to describe the strategy that ODOT will implement to achieve measurable statewide acceptance for Oregon’s Road Usage Charge Program, enough to recruit and retain volunteer participation (up to 5,000). The plan describes strategies and tactics to engage potential volunteers, communicate key messages via traditional and social media, and create an interest group to educate and persuade interested Oregonians to accept the RUC concept as sustainable and necessary for Oregon.

High Level Program Goals/Outcomes:

- 1. Achieve measurable statewide acceptance for RUCP to (a) assure success of the program in Oregon and (b) facilitate nationwide acceptance as a viable transportation funding option.*
- 2. Recruit and retain volunteer participation in the Oregon RUCP (up to 5,000).*
- 3. Encourage private sector participation and satisfaction in the program.*
- 4. Support superior volunteer/user experience.*
- 5. Set the national standard for leadership and innovation implementing a RUCP.*

Success Measures: Each measure is driven by the next. The right amount of awareness, driven by the right partnerships, will drive the right amount of participation, followed by a great user experience and positive exposure in the media to achieve statewide acceptance and create a model for other states to work from. Key measurements include:

- Maximum volunteer participation for the length of the program (up to 5,000 volunteers).*
- Participation from a mix of large and small employers and businesses throughout Oregon, with inclusion from rural and urban communities.*

- *Legislative support expressed through a bill to adopt road usage charging as a long-term funding approach for the state of Oregon.*
- *Accurate and positive media exposure with results to share across the nation.*

More information is available on the Road Usage Charge Program website at:

<http://roadchargeoregon.org/>

Presentation:

Jim Whitty started the presentation on the Road Usage Charge Program. Highlights of the presentation on RUCP were:

- Motivations for change in road funding include changes in vehicle designs, a decline in the sales of new cars, fuel efficiencies, and the use of alternative fuels. Light-duty vehicles miles traveled, average sales, and alternative energy use contribute to a continued decline in revenue sources.
- History of RUCP: first pilot program, public concerns, strategic objective, concept redesign, second pilot program.
- Calming public concerns around privacy, bureaucracy, complexity, fairness issues, cost, fuel efficient vehicles, and non-resident driving.
- Oregon’s platform for per-mile charge options: mileage reported fuel pump, reporting device installed in card, or paying at the pump.
- Account management option is mileage reported wirelessly, customer receives an invoice, payment made by check or card. Volunteers entering the program will select a provider via ODOT website, select the mileage reporting method, and then install and activate the device.
- 2015 pilot programs are currently planned for California and Colorado, with other western states following. Eleven states have joined the Western Road Usage Charge Consortium, a joint research effort Director Garrett and Whitty established with Secretary Peterson and Jeff Doyle of WSDOT at the AASHTO meeting in San Francisco in August. Consortium helps address public concerns and helps cut costs by joining together and pooling funds.

Michelle Godfrey continued the presentation with a discussion on how RUCP will be communicated out to Oregonians. Highlights of the presentation were:

- Privacy is the number one citizen concern, followed by government bureaucracy, complication, and costs.
- A statewide listening tour and some phone surveys were conducted to hear people’s concerns. These outreach activities discussed the program and its benefits, and resulted in a significant increase in positive attitudes of the respondents about the program.
- The approach is to create an “interest group” before the July sign-up date by getting local and specific, creating tool kits for sharing information, collaborating with state and national media, and finally by creating a superior volunteer experience for those who participate.

- The messaging that needs to get out is that the gas tax is **not** meeting our needs to protect our highway system. This system will replace the state fuel tax and there **are** choices that do not require GPS.
- Brand marketing helps create a link with people. Oregonians were polled on a brand for the product and 80 percent chose **OReGO**. The next step is to educate and build awareness of the program.
- Tips for talking about RUC include: focusing on road use, not vehicle efficiency; address declining revenues and the urgent need for a new model; bring choice front and center; and talk about RUC like a “utility” and not a policy.

Discussion:

Commissioner Morgan asked if there was enough data to know the approximate relationship between paying the \$1.5 with the meter or mileage, or paying the gas tax at the pump? Michelle Godfrey responded that was actually the most compelling information that came forward from the tour and it really showed people why this is a good program and why it is fair. They had created a table, which will ultimately be on the home page of the website, a calculator where people input the average number of miles driven or total annual miles, and the vehicle’s miles per gallon rate (MPG). It computed what that person is now paying in gas tax, and then what they would pay in a road usage charge if participating in the program. People saw how that compared across vehicles. When comparing someone who drives 10,000 miles annually versus one who drives 30,000, or a vehicle that gets 12 MPG versus one that gets 40 MPG, it is glaringly apparent how much low MPG vehicles are subsidizing drivers of high MPG vehicles by paying \$750 a year in gas tax while the high MPG driver can pay less than \$100 per year.

Commissioner Morgan asked if we have the choice of continuing to pay the pump tax if that’s what people want to do? Jim Whitty said there was a lot of activity in the 2013 legislature from those trying to have a mandated group of vehicles (vehicles 55 MPG or above) that would be required to be in the program. The legislation came really close, but did not pass. There is a draft bill to do the same coming forward this legislative session. Whitty said the legislature put limits on how many of each type of vehicle, based on fuel efficiency, could be in the program; 1500 vehicles below 17 MPG, 1500 vehicles with 17-22 MPG, with the remaining being vehicles above 22 MPG.

Acting Chair Lohman said a strong holdout for many people is bureaucracy. He asked Jim Whitty how he would respond to that complaint. Whitty responded that when you start any new revenue program, the base system has to be in place to start and that usually has higher overhead. It’s not viable to stay at 5,000 because the fewer number of taxpayers in to cover it, the lower their bills, and you can’t sustain it. But as it grows and larger numbers start to come in, the overhead lowers and you can get to a comfortable tax level around 5 percent. The gas tax overhead is wonderful at 1 percent, but it’s failing and not doing what it’s supposed to do any more.

Commissioner Baney said there are current constitutional restrictions on the gas tax and asked if the road user fee was being set up to complement those restrictions and avoid repeating the same thing we are trying to fix today. Whitty responded that the constitution says that any tax

or fee based on the operation or ownership of a motor vehicle goes into the Highway Trust Fund and must be used for roads only. Whatever you design, if it does one of those two things, it goes into the Highway Trust Fund.

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Consent Calendar

The Commission considered approval of the Consent Calendar. ***(Background materials in Director/Commission/History Center File, Salem.)***

1. Approve the minutes of the November 21, 2014, Commission meeting in Eugene.
2. Confirm the next two Commission meeting dates:
 - Thursday, January 15, 2015, meeting in Salem.
 - Thursday, February 19, 2015, meeting in Keizer.
3. Request approval to adopt a resolution for authority to acquire real property by purchase, condemnation, agreement or donation.
4. Request approval the following Oregon Administrative Rules:
 - a. Adoption of 734-059-0040 and 734-060-0190 and the amendment of 734-059-0015, 734-059-0220, 734-060-0000, 734-060-0007 and 734-060-0175 relating to the Outdoor Sign Program.
 - b. Amendment of 735-001-0040 relating to agency lay representation at contested case hearings.
5. Request approval of the summary of financial charges incurred by the Director for the fiscal year ended June 30, 2014.
6. Request approval of a technical adjustment to the size of the Kapka Butte Sno-Park parking area, from 2.6 acres to 3.7 acres. The Kapka Butte Sno-Park was designated as a winter recreation parking location (Sno-Park) in September 2014. The finished parking area is within the scope of the original application recommended by the Winter Recreation Advisory Committee.
7. Receive update about the December 2014 State Emergency Board's action on additional funding for Oregon Department of Transportation's (ODOT) Special Transportation Fund Program from the Special Purpose Appropriation Account for Seniors.

Action:

Commissioner Baney moved to approve the Consent Calendar. Commission members unanimously approved the motion.



Acting Chair Lohman adjourned the meeting at 3:13p.m.

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| <u>Not Present.</u> | <u><i>[Original signature on file]</i></u> |
| Catherine Mater, Chair | David Lohman, Acting Chair |
| <u><i>[Original signature on file]</i></u> | <u><i>[Original signature on file]</i></u> |
| Tammy Baney, Member | Susan Morgan, Member |
| <u><i>[Original signature on file]</i></u> | <u><i>[Original signature on file]</i></u> |
| Alando Simpson, Member | Roxanne Van Hess, Commission Support |