

# TRANSPORTATION ENHANCEMENT PROGRAM

## Progress Report for FY 2002

This report provides a summary and evaluation of Oregon’s Transportation Enhancement program for federal fiscal years 2002, from October 2001 through September 2002. It discusses program policy changes, expenditure of funds, and progress in delivering projects.

The Transportation Enhancement program provides federal highway funds for projects that strengthen the cultural, aesthetic, or environmental value of our transportation system. The funds are available for twelve “transportation enhancement activities” specifically identified in the Transportation Equity Act for the 21<sup>st</sup> Century or *TEA-21* (see list below). Enhancement funds are available only for special or additional activities not normally required on highway or transportation projects. They cannot be used for routine or customary elements of construction and maintenance, or for required mitigation.

**TABLE 1**  
Transportation Enhancement Activities

<ol style="list-style-type: none"> <li>1. Provision of facilities for pedestrians and bicyclists</li> <li>2. Provision of safety and educational activities for pedestrians and bicyclists</li> <li>3. Acquisition of scenic easements and scenic or historic sites</li> <li>4. Scenic or historic highway programs (including the provision of tourist and welcome center facilities)</li> <li>5. Landscaping and other scenic beautification</li> <li>6. Historic preservation</li> </ol>	<ol style="list-style-type: none"> <li>7. Rehabilitation and operation of historic transportation buildings, structures, or facilities (including historic railroad facilities and canals)</li> <li>8. Preservation of abandoned railway corridors (including the conversion and use thereof for pedestrian or bicycle trails)</li> <li>9. Control and removal of outdoor advertising</li> <li>10. Archaeological planning and research</li> <li>11. Mitigation to address water pollution due to highway runoff or reduce vehicle-caused wildlife mortality while maintaining habitat connectivity</li> <li>12. Establishment of transportation museums</li> </ol>
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**Acronyms Used in this Report:**

- FHWA =Federal Highway Administration
- FY =Fiscal Year (federal)
- ODOT =Oregon Department of Transportation
- OTC =Oregon Transportation Commission
- STIP =Statewide Transportation Improvement Program
- TE =Transportation Enhancement
- TEA-21 =Transportation Equity Act for the 21<sup>st</sup> Century

## **PROGRAM STRUCTURE AND FUNDING**

In Oregon the TE program is part of the Preliminary Design Unit in the Technical Services Branch of the Oregon Department of Transportation. ODOT staffs the program with one full-time position, the TE program manager. There are also eight project leaders or “Local Agency Liaisons” assigned to ODOT’s five regional offices. They provide guidance and coordination on assigned TE and other local-agency projects from project selection up through completion of final plans and contract documents.

The funding for TE projects comes from the state’s federal transportation allocation. TEA-21 directs each state to reserve ten percent of its Surface Transportation Program funds for TE activities. In fiscal year (FY) 2002 the TE reserve for Oregon was about \$9 million. However, in July 2000 the Transportation Commission restricted TE spending for FY 2002 through 2005 to make more funds available for pavement and bridge preservation work. This left the TE program with about \$3.5 million per year for FY 2002 and 2003 and just \$3 million per year for FY 2004 and 2005.

In the previous biennium (FY 2000 and 2001) the TE program was split into two parts: a “Local Program” for projects benefiting specific communities or sites and a “Statewide Program” for projects of regional or statewide significance. With reduced funding for FY 2002 and beyond, the Transportation Commission advised ODOT to manage TE as a single statewide program starting in FY 2002 (October 2001). In April 2001 ODOT’s Issues Management Team approved roles and responsibilities for administering the combined TE program.

## **ACTIVITY IN FISCAL YEAR 2002**

There were five main activities and accomplishments in the TE program this year:

- Establishing a Transportation Enhancement Advisory Committee
- Updating program guidance and policies
- Coordination to advance projects
- Tracking project delivery and managing the balance of TE funds
- Outreach and assistance to other agencies and programs

### **TE Advisory Committee**

In April 2002 the OTC approved formation of the Transportation Enhancement Advisory Committee. This committee replaces the “Statewide Enhancement Program Committee” chartered in October 1999 and other ad hoc committees that assisted with TE program development and project selection in 1999. The new committee has eleven members representing a mix of state and local government officials and the private sector. The ODOT Director appointed members based on the following composition:

## Transportation Enhancement Advisory Committee

4	Local government representatives: two nominated by the League of Oregon Cities and two nominated by the Association of Oregon Counties.	Wes Hare John Dorst Dan Boldt Pat Ehrlich	City of La Grande City of Gresham Wasco County AOC retired
4	ODOT staff selected by the ODOT Director, to include the TE Program Manager and ODOT Community Solutions Team liaison.	Pat Fisher Sam Johnston Marty Andersen Allison Hamilton	TE Program Community Solutions Local Programs Preliminary Design
1	Oregon Transportation Commissioner	John Russell	
2	Public “at large” members not affiliated with specific interest groups	Karen Swirsky  (one member not yet appointed)	

The role of the TE Advisory Committee is to provide input and recommendations to the Oregon Transportation Commission, ODOT Director and TE Program Manager on matters concerning the Transportation Enhancement program. The committee has three specific duties:

- **Project Selection:** Serve as the selection committee for TE projects competing on a statewide basis. Evaluate project proposals and recommend projects for funding.
- **Appeal Panel:** Consider cases in which an agency or organization protests ODOT staff decisions on TE projects. Recommend options or solutions to the ODOT Director and TE Program Manager.
- **Policy Review:** Assist in development and review of criteria, policies prepared by the TE Program. Include a process for soliciting opinions from groups and persons having interest or expertise in the TE program.

### **Guidance and Policy Updates**

**TE Program Criteria:** One major achievement this year was the long delayed update of the TE program criteria. This is the culmination of a process that started back in July 2000, based on the need to update and consolidate two sets of criteria in place for the “Local” and “State-wide” TE programs. The TE Advisory Committee adopted the Transportation Enhancement Program: Criteria and Procedures for the FY 2004 to 2007 STIP Cycle in November 2002. This is after the close of FY 2002 but the substantial development and review work occurred between April and September 2002.

In July 2002, Commissioner John Russell (chair of the TE Advisory Committee) reviewed draft criteria prepared by the TE Program Manager. The criteria were then distributed to the

TE committee members and discussed at their September 2002 meeting. Significant changes from previous practice include:

- Expanding and clarifying the role of the TE Advisory Committee in selecting projects, handling appeals, and advising ODOT in the development of TE program policy.
- Revising the project selection process to include technical review by ODOT and input from the Area Commissions on Transportation and regional Community Solutions Teams.
- Revising the project selection criteria to place more emphasis on “quality of experience” and the adopted focus areas.
- Restricting the number of applications from each applicant and prohibiting applications from agencies with inactive TE projects from the previous funding cycle.
- Defining an “inactive” project and setting a process for withdrawing TE funds from inactive projects.

**TE Focus Areas:** In April 2002 the OTC adopted “focus areas” to set priorities for project selection in the TE program. They decided that the highest priority for TE funding in fiscal years 2004 through 2007 will go to projects that benefit state highways and state-owned transportation facilities and that fall into one or more of the following project types: (1) bicycle/pedestrian facilities, (2) repair and operation of historic transportation buildings, (3) landscaping and scenic preservation, (4) control of highway-related water pollution, and (5) Main Streets and streetscape projects. Projects that benefit a rural/distressed community or Special Transportation Area (STA) and those that are linked to an upcoming pavement preservation project, mixed-use or compact development, or Community Solutions Team effort will also receive preference.

**TE Funding for a Discretionary Account:** Also in April 2002, the OTC approved an increase of \$2 million per year for the TE program beginning in FY 2006. The additional funds are dedicated to a new TE discretionary account. This will allow ODOT to apply TE funds directly to worthy projects as needs become known, separate from the competitive project selection process. The OTC will approve use of discretionary funds based on requests from the ODOT Director. Projects funded this way will be subject to the same eligibility criteria and selection priorities used in the competitive selection process. Specific criteria for project identification have not been developed yet.

**Performance Measures:** In March 2002 ODOT developed two performance measures for the TE program. One measures success in getting TE funds obligated\* for scheduled projects. The other measures on-time delivery of projects scheduled for contract. These measures were first applied to performance for fiscal years 2000 and 2001, with results reported in the Transportation Enhancement Program Progress Report for FY 2000-2001 (Sept. 2002). Performance results for FY 2002 are discussed later in this report.

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\* a formal commitment of funds, after approval of the project prospectus and intergovernmental agreement. See “Summary of Funds Obligated” on page 10 for further explanation.

**TE Manual:** A program manual for Transportation Enhancement is about fifty percent complete. When done, the manual will provide guidance for ODOT staff and TE project sponsors. It will cover TE eligibility, federal-aid requirements, the application and project selection process, funding and programming, project development, and construction or implementation. This year the main progress on the manual was in restructuring and rewording it in relation to the Local Agency Guidelines issued by ODOT in November 2000. Many requirements and procedures on TE projects are the same as those for other federal-aid projects. In such cases, there is no need to repeat information already stated in the Local Agency Guidelines. The TE manual will merely provide a summary statement and reference pertinent sections of the Guidelines. The goal is to complete the manual by June 2003 and have it available to those selected for funding in the FY 2004-2006 solicitation now under way.

**Intergovernmental Agreements for TE Projects:** ODOT Construction Contracts Unit undertook an update of the standard text in intergovernmental agreements for TE projects. The TE Program Manager reviewed the draft revision and suggested several additional changes, not incorporated this time. Substantive changes that *were* adopted will help clarify:

- The limit on TE funds under fix-funded and full-funded scenarios, and the project sponsor's responsibility for costs not covered by TE funds.
- Expiration of the agreement and conditions under which it may be terminated, and
- Terms of indemnity and recovery under a breach of the agreement.

Individual agreements for future projects may include additional provisions aimed at ensuring timely completion of projects, prompt redistribution of funds from inactive projects, and prompt recovery of TE funds from any agency found to be in default of the project agreement.

### **Coordination to Advance Projects**

In FY 2002 we had a marked increase in the number of projects advancing to contract. Eleven TE contracts were awarded and four more projects advanced to the bid process but were awarded after September 30. Within ODOT, the Local Agency Liaisons in each region had a major part in advancing these projects to contract. Through meetings and phone calls, they were in frequent contact with project sponsors and their consultants throughout the project development process. They provided guidance on consultant selection, scope of work, budget and funding decisions, and they reviewed preliminary and final plans and contract documents.

The TE Program Manager became actively involved in more than 20 projects, usually to advise Local Liaisons on project-specific issues relating to scope, funding and schedule changes. Other involvement included reviewing Intergovernmental Agreements and project plans, coordinating with third parties, identifying non-participating (non-reimbursable) costs, and working with ODOT region staff to spur progress or decisions on projects. On several projects that came to contract this year there were last-minute questions about the TE funding for cost overruns and how to divide project costs between the TE program, the project sponsor and other funding sources involved.

### **Tracking Project Delivery and the Balance of Funds**

There were 47 active TE projects in FY 2002 (see Appendix 1 for the current programming and status of each project). The Local Agency Liaisons monitored progress and expenditures on their assigned projects, and helped project sponsors advance their projects to contract. Each month the TE Program Manager tracked progress and expenditures on a statewide basis, and monitored TE funding commitments shown in the STIP and Financial Plan. She attended monthly STIP and Financial Plan staff meetings and worked with the STIP Manager, Financial Plan Manager and others in ODOT's Highway Finance Office on a regular basis throughout the year. During development of the FY 2004-2007 draft STIP the TE Program Manager reviewed the program entries for TE projects.

The TE Program Manager maintains spreadsheets to track the amount of funds being used and the balance of funds available for future projects. These data provide the basis for progress summaries and analysis of program performance. They also guide decisions on changing a project's program year and TE funding allocation and for reassigning unused funds from projects that are canceled or come in under budget.

A portion of the TE program is managed and monitored by Metro, the metropolitan planning organization (MPO) for the Portland metropolitan area. In April 2002, ODOT's Highway Finance Office concluded negotiations with Metro about the amount of TE funds over which Metro would have direct claim and control. ODOT allowed Metro an allotment of \$8,400,000 for fiscal years 1998 through 2003. This is to cover actual obligations for Metro-area TE projects from FY 1998 through 2001 and upcoming obligations on projects approved for TE funding as part of the FY 2000-2003 STIP update. The ODOT/Metro agreement allows Metro to increase or decrease funding on approved TE projects, or transfer funds from one approved project to another. All new TE projects in the Metro area must undergo an eligibility review by the TE Program Manager before they can be added to the TE program.

### **Outreach and Assistance**

The TE program exchanged information with other ODOT programs and other state agencies and gave assistance to many communities and organizations. Within ODOT there was frequent interaction with the Bicycle and Pedestrian Program, including attendance at meetings of the Oregon Bicycle and Pedestrian Advisory Committee and Local Bicycle/Pedestrian Coordinators. The TE program manager provided periodic updates to ODOT's Transportation and Growth Management Program, Planning Division, and Community Solutions staff. The TE program serves many of the same "customers" as the Forest Highways and Scenic Byways programs within ODOT and the Recreation Trails program in the Oregon Parks and Recreation Department. On many occasions the TE Program Manager referred inquiries to one of these other programs.

Other outreach and assistance included work with *Active Community Environments*, a group of agencies and organizations working to coordinate efforts on shared issues in public health, safety, transportation and land use—especially the idea of encouraging physical activity by providing better opportunities for walking and bicycling. The TE Program Manager also served as a resource delegate to the annual *Resource Assistance for Rural Environments*

(RARE) conference in Salem and as a panelist in outreach meetings arranged by the Oregon Economic and Community Development Department for the cities of Oakridge and Mill City.

## **PROJECT DELIVERY**

### **Projects Completed**

Five TE projects were completed in FY 2002 (see list below). Twelve additional projects were under contract but not yet complete at the close of FY 2002. Nine of these advanced to construction in FY 2002 and three were already under contract from FY 2001. Five of the twelve projects under way at the close of FY 2002 were completed in November 2002.

See Appendix 1 for project names.

<i>Region</i>	<i>Project</i>	<i>Applicant</i>
2	8 <sup>th</sup> St–Territorial Highway ( <i>sidewalks, crosswalks and curb extensions on Broadway &amp; McCutcheon</i> )	City of Veneta
3	Jackson Ave. - June Ave ( <i>sidewalk on 11<sup>th</sup> Street</i> )	City of Bandon
	Shell Island and Simpson Reef Overlook	US Fish & Wildlife Service
4	Lakeview 2001 Streetscape ( <i>on US-395 / F Street</i> )	ODOT Region 4 and Town of Lakeview
5	Hughes Lane and Broadway Avenue Bike Lanes	Baker City, Baker County

### **Performance Measures**

In March 2002 we adopted two performance measures for the TE program. One addresses the obligation success rate and the other tracks on-time delivery of projects. Table 2 shows the results for FY 2002. Both performance measures showed marked improvement. Obligation rates increased from 36% of dollars for FY 2000/2001 to 53% for FY 2002. On-time delivery increased from 24% for FY 2000/2001 to 50% in FY 2002. These improvements are due partly to efforts by ODOT and local agency staff and partly to the extra year of preparation time for this year's projects compared to those programmed for FY 2000 and 2001. Improved performance in Region 2 had the greatest part in improving the overall results for FY 2002. Regions 3 and 5 also improved significantly and Region 1 showed a small improvement. Performance in Region 4 did not notably increase or decrease but was above the statewide average this year and the past two years.

For the 10 projects slated to go to contract in FY 2002, five were delivered on time\*. Four are running more than three months late, and one was canceled. At this time none are running late

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\* in the target month or within the following 90 days

by more than a year. The construction program for FY 2002 also included 17 projects carried over from prior years. Two of these were delivered on time and seven of them were 3 to 12 months late. Two were delivered more than a year late, five are still in progress (over a year late) and one was canceled. The average for all TE projects in the current program is delivery at eight to nine months late.

Some ODOT regions continue to have better success than others in delivering TE projects. This year's results are shown in Table 3, first by percentage of dollars obligated and then by percentage of "project phases" obligated. The pattern is similar to that in past years, with better success in regions 3, 4, and 5 than in regions 1 and 2. Both Region 1 and Region 2 have increased their "local programs" staff and this is helping advance more TE projects.

Besides regional differences, there are some performance trends tied to type of project and type of applicant. This year's data show bicycle/pedestrian projects more often delivered on time and landscape/scenic beautification projects more likely to be late. Local government projects accounted for 83% of the program but 100% of the projects that were more than a year late. Projects sponsored by state or federal agencies or public/private partnerships were most likely to be delivered on time.

### **Factors Affecting Performance**

The TE program has historically had a poor record delivering projects on time. Between 1992 and 1997 about 20% of the projects were canceled before completion and many others were more than a year late. In the FY 2000/2001 biennium only 24% of the programmed work was delivered on time. In FY 2002—as in past years—the most common cause of delay was the need to rework the project scope, usually because project costs had been under-estimated. This factor affected nearly half the projects in the FY 2002 program. Several projects were delayed due to right-of-way or design issues overlooked in the initial application, or to coordinate with other scheduled work in the area. Others were late getting started because the applicant was slow to complete the required Project Prospectus and Intergovernmental Agreement. Appendix 2 shows a list of factors that contribute to project delay, and which of these affected projects in the FY 2002 program. On the positive side, linking a TE project to a road paving project is often helpful for on-time delivery, as with the OC&E Woods Line State Trail and Starr Street – Division Street projects this year and the Lakeview 2001 Streetscape last year.

For the next funding cycle there will be several new strategies to improve the program. These include measures get more projects started on time and a defined process for canceling projects that fall too far behind schedule. The accuracy of cost estimates will be improved by requiring a project prospectus, agreement and on-site scoping earlier in the programming process (perhaps before a project is formally added to the STIP). Some of the new strategies are in the program criteria adopted for the FY 2004-2007 funding cycle. Others will be addressed as provisions in the intergovernmental agreements for future TE projects.

**TABLE 2**

## Performance Measures for the Transportation Enhancement Program

**1. Obligation Success Rate**

Definition	Percentage actual vs. planned obligation, tracked in dollars and number of project phases (PE, ROW, CN). “Planned obligation” for each year includes delayed projects that have been reassigned from prior years.								
Goal or Standard	None specific to TE program. FHWA goal is 75% obligation, cumulative since inception of TE.								
Recent Data	<table> <tr> <td>FY'02</td> <td>53 % of dollars</td> </tr> <tr> <td></td> <td>52 % of project phases</td> </tr> <tr> <td>Average for last 2 years*</td> <td>36 % of dollars</td> </tr> <tr> <td></td> <td>38 % of project phases</td> </tr> </table>	FY'02	53 % of dollars		52 % of project phases	Average for last 2 years*	36 % of dollars		38 % of project phases
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	38 % of project phases								

**2. On-Time Delivery**

Definition	Percentage of projects on time for scheduled “let date” (contract awarded in the target month or within the following three months).  If no TE funds are assigned to construction, consider the obligation date for the last phase with TE funds.  Based on original FY'02 program—not projects delayed from prior years.				
Goal or Standard	None specific to the TE program. ODOT Project Delivery tracks state-funded projects based on delivery in the assigned quarter or within 90 days.				
Recent Data	<table> <tr> <td>FY'02</td> <td>50 %</td> </tr> <tr> <td>Average for last 2 years*</td> <td>24 %</td> </tr> </table>	FY'02	50 %	Average for last 2 years*	24 %
FY'02	50 %				
Average for last 2 years*	24 %				

\* Includes Local and Statewide TE programs. Does not include obligation of construction funds for projects started before 1999

## Summary of Funds Obligated

With a few exceptions, the procedures that apply to federal-aid highway projects also apply to TE projects. TE funds cannot be released for payment until “authorization” by the Federal Highway Administration based on an approved Prospectus and Intergovernmental Agreement. This authorization allows the “obligation of funds” to a specific project or phase of a project. Obligation allows ODOT to collect funds from the Federal Highway Administration to reimburse the project sponsor for qualified expenditures.

One way to gauge progress in the TE program is to track how many projects or project phases get authorized, and the total dollars obligated. Table 3 shows the actual versus planned obligation of funds for each region and for the total program.

In FY 2002 the total planned obligation was **\$12,781,000\***. About one-third of this was current-year programming for FY 2002 and two-thirds was for work delayed from FY 2001 or before. The amount obligated was **\$6,765,000** or 53% of the total amount planned. About three-fourths of this total (\$5,000,000) went to work delayed from 2001 or before. Another way of looking at it is that in FY 2002 we delivered about 40 percent our current-year program and 60 percent of the work carried over from prior years. Forty percent of the work carried in from prior years was further delayed to FY 2003. The good news is the 53% figure for dollars obligated represents a significant improvement over the average of 36% for the past two years.

The second part of Table 3 shows how many phases of work were obligated. In this analysis, each phase of a project—preliminary engineering (PE), right-of-way (RW) and construction (CN)—counts as one unit. Since one large project in a region can greatly influence the data on dollars obligated, this gives small projects the same credit as larger ones. For FY 2002 the percent of phases obligated was the same as the percent of dollars obligated—53%. This is a notable improvement over the average of 38% for the past two years.

Table 3 also shows actual amounts obligated in comparison to each region’s share of the intended (programmed) work for the year. Region 3 and Region 5 delivered more than their share of the total. Region 2 and Region 4 were about equal to their share, and Region 1 was well below its share. Though not shown in the table, a similar pattern exists in the data for project phases obligated.

In Region 2, six projects brought down the obligation percentage. Among these were four projects slated for more than \$400,000 each (over \$2 million total for those four projects). In Region 1, there were several factors contributing to the low percentage for dollars obligated. About half of the shortfall is attributable to Metro area projects and half to non-Metro projects.

Within the Metro area, part of the problem stems from Metro’s decision to take funds originally targeted for FY 2001 or before and reassign them to the “OMSI-Springwater Trail—Three Bridges” project. The first phase of that project—at \$718,000—was not ready for

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\* For easier reading, all values in this section are shown only to the nearest thousand dollars.

**TABLE 3**

FY 2002 Summary of TE Funds Obligated

**PART 1: DOLLARS OBLIGATED**

	<b>R 1</b>	<b>R 2</b>	<b>R 3</b>	<b>R 4</b>	<b>R 5</b>	<b>All</b>
Obligated	\$ 1,448,524	\$ 2,863,411	\$ 1,234,671	\$ 505,240	\$ 712,756	\$ 6,764,602
Intended	\$ 4,541,171	\$ 5,513,833	\$ 1,352,948	\$ 698,097	\$ 675,073	\$ 12,781,122
<b>% Dollars Obligated</b>	<b>32%</b>	<b>52%</b>	<b>91%</b>	<b>72%</b>	<b>106%</b>	<b>53%</b>
Average for FY'00 and FY'01	22%	37%	59%	86%	39%	36%
Region's share of FY'02 intended	36%	43%	11%	5%	5%	
Region's share of FY'02 obligated	21%	42%	18%	7%	11%	

**PART 2: PROJECT PHASES OBLIGATED**

	<b>R 1</b>	<b>R 2</b>	<b>R 3</b>	<b>R 4</b>	<b>R 5</b>	<b>All</b>
Phases Obligated	6	8	7	3	3	27
PE	2	1	0	0	1	4
RW	0	2	3	1	1	7
CN	4	5	4	2	1	16
Phases Programmed	18	18	8	5	2	51
PE	6	4	0	0	0	10
RW	1	5	4	2	1	13
CN	11	9	4	3	1	28
<b>% Phases Obligated</b>	<b>33%</b>	<b>44%</b>	<b>88%</b>	<b>60%</b>	<b>150%</b>	<b>53%</b>
Average for FY'00 and FY'01	29%	26%	45%	59%	40%	38%

obligation as planned in FY 2002 and the remaining phases are not funded until FY 2003 and 2005. Outside the Metro area the cancellation of projects by two cities left more than \$600,000 in unobligated funds. (The funds have been reassigned to other TE projects we expect will advance to contract in FY 2003.) Three additional projects that were late added nearly \$1 million to the total unobligated balance.

### **Cumulative Data on TE Spending**

The national statistics on TE spending are not very reliable because the process for obligating funds differs from state to state. However, the cumulative obligation rate does attract attention nationally—especially in discussions on reauthorizing funds for the TE program. When these discussions come up, it is important to emphasize the many benefits that TE projects provide, and the ongoing efforts to put all available funds to use.

Through FY 2001, Oregon had obligated about 65 percent of its available TE funds<sup>1</sup>. The state ranked #41 out of 52 for percentage of TE funds *obligated* since inception of the program in 1992<sup>2</sup>. We ranked somewhat better at #28 for percentage of funds *reimbursed*. Oregon's place in these rankings is affected by state laws, ODOT policies and procedures, staff and funding to assist local agencies, as well as the experience and motivation of TE project sponsors. It also depends on the amount of funding ODOT makes available for TE projects.

In obligating \$6.76 million in FY 2002 Oregon's cumulative percentage will go up slightly to 67%. Unfortunately, with the OTC decision to restrict TE funding through FY 2007 we can expect Oregon's place in the national rankings to decline over the next few years. This is not something ODOT can realistically address at this time. However, there are other factors that can be addressed. One is the late delivery of scheduled projects. This has been addressed by adding "local programs" staff within ODOT (to assist local agencies with TE projects) and will be further addressed through measures that encourage project sponsors to advance and complete their projects on time.

Another way to improve the cumulative rate is to honor original program commitments. Our cumulative rate drops when TE funds or projects are reassigned to a later year in the STIP without advancing anything to replace them. Unfortunately, this has been common practice in the Portland Metro area. Though there has been no selection of TE projects beyond FY 2003, Metro currently has more than \$3.4 million of its TE funds assigned to FY 2004 and 2005. \$1.8 million of this comes from unspent FY 1998 and 1999 allocations that Metro reassigned to FY 2003. These funds were moved to FY 2004 in response to the July 2000 budget cut, and Metro later reassigned them to FY 2005. An additional \$1.4 million is from work originally scheduled for FY 1999, 2001 and 2003. The full \$3.4 million represents more than 30 percent of Oregon's annual TE allotment. Metro's decision to postpone the use of these funds reduced Oregon's cumulative obligation rate about five percentage points this year and last, and will continue to affect the state's place in national TE rankings until the funds actually get used.

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<sup>1</sup> Based on amount available after limitation—averaging 90% of the appropriated amount for 1992 - 2001.

<sup>2</sup> *Transportation Enhancements: Summary of Nationwide Spending as of FY 2001 (NTEC, 2002)*

## CONCLUSION

The TE program was successful this year in advancing projects to bid or contract and in adopting important program policy updates. We had a notable increase in the number of projects advancing to contract—nine this year compared to seven total for the previous two years. The \$12.8 million obligated in FY 2002 was more than three times the annual average for the last two years. The “percentage of funds obligated” rose to 53 percent, up from an average of 36 percent for the previous two years. On-time delivery of projects also improved — 50% this year compared to an average of 24% for the last two years. Program and policy updates included forming a TE Advisory Committee, adopting focus areas and performance measures, and establishing a TE Discretionary Account that will begin in FY 2006. The TE program criteria were also updated for use in the FY 2004-2007 funding cycle now under way.

The Transportation Enhancement program continues to work with other programs and agencies to provide more consistent and coordinated service to those developing projects and seeking funds. These outreach efforts are helping communities develop projects in a more strategic way, with TE as just one of several potential phases, partners or funding sources.

Timely project delivery continues to be a challenge in the Enhancement program, but new strategies for the next funding cycle should help sustain the gradual improvement shown in recent years. Cost containment is another ongoing challenge, but is also showing improvement due to active oversight by ODOT’s Local Agency Liaisons and TE Program Manager.

Judging by the number of inquiries about the FY 2004-2006 funding cycle, the TE program remains very popular. TE projects are known for promoting livability and pride in communities. Often these are projects difficult to finance otherwise. The 47 projects either completed or under way this year exemplify the intent of the TE program. They “strengthen the cultural, aesthetic, and environmental value” of the transportation system. They have improved connections and options for non-motorized travel, promoted cultural awareness, and enhanced visual appeal along streets and highways throughout the state.