

TRANSPORTATION ENHANCEMENT PROGRAM

Progress Report for FY 2005

This report provides a summary and evaluation of Oregon's Transportation Enhancement program for federal fiscal year 2005 (October 2004 through September 2005). It discusses project selection, policy changes, expenditure of funds, and progress in delivering projects.

ACRONYMS USED

FHWA	=	Federal Highway Administration
FY	=	Fiscal Year (federal)
MPO	=	Metropolitan Planning Organization
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 st Century

PROGRAM STRUCTURE AND FUNDING

The TE program in Oregon is administered by the Oregon Department of Transportation. It is managed by the TE Program Manager within ODOT's Local Government Section in the Salem central office. There are ten project leaders (Local Agency Liaisons) and six construction liaisons in the five regional offices, to oversee delivery of the local agency program including TE projects. The TE Advisory Committee provides input to project selection and program policy. The committee has eleven members: four local government officials, four ODOT staff, two public at-large members, and one OTC member who serves as chair.

The funding for TE projects comes from the state's federal transportation allocation. Each state must reserve ten percent of its Surface Transportation Program funds for TE activities. In fiscal year (FY) 2005 the TE allocation for Oregon was \$9.0 million. This came in a series of extensions to the TEA-21 funding bill which expired in 2003. Available TE funding was only \$3.0 million because of previous OTC decisions to limit TE spending, allowing more funds for pavement and bridge preservation. Under this reduced funding, TE is managed as a statewide program without guaranteed amounts for specific regions or metropolitan areas.

Oregon's TE program also includes a "TE Discretionary Account" with \$2 million per year starting in FY 2006. This allows ODOT to apply TE funds to qualified projects, separate from the competitive selection process. Projects funded this way must be confirmed by the OTC and must fit the same criteria and priorities in effect for the competitive selection process.

ACTIVITY IN FISCAL YEAR 2005

Project Selection

Project selection for the 2007-2008 program was the main activity in the first half of FY 2005. The application period closed September 10, 2004. With about \$8 million to award, ODOT received 79 applications requesting nearly \$52 million. Ten were disqualified for failing to meet eligibility or submittal requirements. Three more were removed early in the technical review process. One agency withdrew after receiving other funds for its intended project.

Sixty-six proposals continued through technical review and site visits by ODOT staff, and a comment period concurrent with public involvement for the FY 2006-2009 STIP). The MPOs, Area Commissions on Transportation (ACTs) and Economic Revitalization Teams (ERTs) provided rankings or comments at this time. ODOT staff did further analysis of the projects still in contention. The next step was to decide on about 30 projects for the TE Advisory Committee to score. The committee approved the following method for this step:

- Advance the three top-rated projects from nine geographic areas around the state.
- Advance the remaining projects (statewide) that rated 3.9 or above in the technical review.

The 33 proposals advancing to the committee represented \$22 million in requests. This is over two and one-half times the available funding. The average request was about \$650,000.

The committee scored the proposals using pre-established criteria. They then met to discuss and select projects. They agreed on 13 projects “proposed for funding” and six others for the Reserve List. The ODOT Director submitted these recommendations to OTC without changes. On March 16, 2005 the OTC unanimously approved the list of projects (Table 1, next page).

Objections and Appeals: One applicant protested being disqualified for an application that exceeded the specified page limit. The TE Advisory Committee considered the applicant’s arguments and upheld the original decision. There were no objections to ODOT about the list of projects selected and approved for funding.

There were some concerns with the pre-screening of applications in MPO areas. Portland “Metro” completed the process but said the allotted time was too short and did not allow for public input. There were complaints in the Rogue Valley MPO over having to screen to just three proposals, but the issue dissipated when they only received three.

The Rogue Valley ACT wrote to request that ODOT to provide: (1) a clear set of criteria for prioritizing projects, (2) more time for technical staff to craft recommendations and for RVACT members to consider the recommendations and vote, and (3) assurance that ODOT will consider RVACT recommendations. ODOT replied that ACT priorities are considered in project scoring. ODOT will provide better notice of the timing for ACT input, but cannot realistically provide criteria for deciding what an area’s local priorities are.

Two cities appealed a decision to reject new applications from them because they have an existing TE project that is incomplete and over a year late. The TE committee considered the arguments and decided to allow the Corvallis application but reject the one from Portland.

TABLE 1
New Projects Awarded in 2005

Applicant	Project	TE Award
Washington County & OPRD (State Parks)	<i>Banks-Vernonia Trail Extension</i>	\$669,000
Mt Vernon	<i>US-26 (Main St) Sidewalks and Streetscape</i>	\$525,978
Baker City	<i>Leo Adler Parkway Extension</i>	\$841,915
Klamath Falls	<i>Klamath Falls Amtrak Pedestrian Connections</i>	\$300,000
Portland Office of Transportation & Portland Dvpm Commission	<i>92nd Avenue Sidewalk and Bike Lanes</i>	\$1,000,000
Portland Parks & Recreation	<i>Waud Bluff Trail</i>	\$1,175,376
Sherman County	<i>DeMoss Springs Park Visitor Facilities</i>	\$327,300
Redmond	<i>Dry Canyon Trail Extension</i>	\$506,980
ODOT Region 1	<i>Crown Point Viaduct Restoration</i>	\$381,350
Burns	<i>Fairview and Egan Ave: Sidewalk & Bike Lanes</i>	\$318,100
US Fish & Wildlife Service	<i>Pacific Coast Scenic Byway: Cannery Hill Overlook</i>	\$559,100
Talent	<i>Talent Avenue Sidewalk and Bike Lanes</i>	\$663,000
Port of Astoria	<i>Port of Astoria Pedestrian Access</i>	\$732,200
RESERVE LIST	Total Funding	\$8,000,299
Estacada	<i>Hwy 211/224 Gateway and Landscaped Walkway</i>	\$1,211,400
Woodburn	<i>Highway 214 (Woodburn) Sidewalk</i>	\$622,400
Eugene	<i>Division and River Avenue Bikeway/Walkway</i>	\$897,942
Phoenix	<i>Phoenix Sidewalk and Bike Lanes</i>	\$569,000
Hubbard	<i>Highway 99E and D Street Sidewalks</i>	\$727,767
Central Oregon Parks & Rec Dist.	<i>Tetherow Crossing Historic Restoration</i>	\$300,321
	Total Reserve List	\$ 4,328,830

Critique of the Process: The TE committee appreciated having ODOT staff screen the applications to a manageable number for them to evaluate. The element of geographic balance in determining the 33 finalists was new this time, and worked well to provide a good mix of well-qualified projects from all parts of the state. The project scoring system

again worked to bring quality projects to the top. The committee selected some by unanimous consent and others by majority vote, and was satisfied with the overall results.

A two-month public comment period was new to the process this time. It generated more than 200 letters, cards, and email messages supporting 36 different projects. The public responses were helpful in making the cut to 33 finalists and in project scoring by the TE Committee. The ACTs, ERTs and MPOs also provided comment at this time.

The ERTs used a pre-printed reply form for each project, with questions already reviewed by ERT staff. The ACT comment process fared better than last time, but there was some frustration due to differing opinions with certain ACTs on whether to do rankings or more general ratings (high, medium, low). The MPOs were asked to provide rankings so the TE Committee could fully consider local priorities. This was not a problem in most cases, but in the Rogue Valley MPO the ranking process became quite contentious because most voting members had close ties to specific projects. In the Portland area, Metro decided not to rank their seven projects, but noted that these were the seven highest-rated proposals out of 20 originally received at the NOI stage.

Getting ACT and MPO input on priorities during the general comment period worked much better than receiving this information after the TE Committee's preliminary ranking of projects. Overall, there were some gains in the local comment process, but there is still room for improvement in the next cycle.

Discretionary Account: In November 2004 the Glacier-Highland Couplet project received \$815,000 for landscape and lighting enhancements along a major construction project under way in Redmond. ODOT Region 2 submitted a request for TE Discretionary funds to provide wider shoulders on New Youngs Bay Bridge in Clatsop County, in conjunction with a bridge maintenance project. The TE Advisory Committee did not support this request and it did not advance to the Transportation Commission. Concerns raised in evaluating the NYBB project led the TE Committee to adopt a more detailed policy for using the TE Discretionary Account.

TE Advisory Committee

The TE Advisory Committee met twice in 2005—in January before evaluating applications and in February for the project selection meeting. New to the committee this year were Commissioner Mike Nelson as OTC liaison as TE committee chair, and Michele Thom replacing Allison Hamilton for ODOT. The committee worked well together in considering and adopting new policies, discussing project proposals, and reaching consensus in project selection.

Coordination to Advance Projects

Five projects advanced to construction in FY 2005. Three others advanced to bid but need to be re-bid, rescheduled, or undergo funding negotiations because bids were way over the cost estimate. The ODOT Local Agency Liaisons had a major part in advancing TE projects through meetings and phone calls, and frequent contact with project sponsors and their consultants. 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 was actively involved in 15 projects, usually to advise Local Liaisons on issues relating to scope, funding and schedule changes. Other contacts included reviewing Intergovernmental Agreements, determining allowable costs, and working with ODOT region staff to spur progress or decisions on projects. On several projects going to contract, there were last-minute questions about TE funding for estimated costs above the amount of TE funding awarded. In some of these cases construction bids came in under the ODOT engineer's estimate and projects were completed within their original budget.

Tracking Project Delivery and the Balance of Funds

There were 42 active TE projects in FY 2005 (see Appendix 1 for project names and status). The Local Agency Liaisons monitored progress and expenditures on their assigned projects. The TE Program Manager tracked progress and TE expenditures statewide, including STIP and Financial Plan entries. She worked with the ODOT Highway Finance Office through the year to confirm amounts obligated¹ and spent, and the balance available.

In June 2005, ODOT and Metro (the Portland MPO) agreed to an end date of June 30, 2006 for Metro management of \$14.9 million in TE funds originally tied to FY 1994-2003 projects. After that, any incomplete projects or uncommitted funds remaining will then be absorbed into the statewide TE program. By September 2005 Metro had passed a program amendment to fully commit all its TE funds and reassign funding on some current projects to ensure that all Metro TE funds would be used early in 2006.

Outreach and Assistance

The TE Program Manager exchanged information with other ODOT program managers and other state agencies and gave assistance to many communities and organizations. She worked closely with the Bicycle and Pedestrian Program, and attended meetings of the Oregon Bicycle and Pedestrian Advisory Committee and the Local Bicycle/Pedestrian Coordinators.

Other outreach activity included teaming with the Oregon Health Division for a presentation on *Active Community Environments* and serving as a resource delegate to the annual *Resource Assistance for Rural Environments* (RARE) conference in Salem.

PROJECT DELIVERY

Projects Completed

Six TE projects were completed in FY 2005 (see Table 2). They include one Discretionary project awarded in 2003 and five "Local Program" projects awarded by regional selection teams in 1999. Seven other projects were under contract but not yet complete at the close of FY 2005 (September 30). One of these was completed in October 2005.

¹ A formal commitment of funds, after approval of the project prospectus and Intergovernmental Agreement.

TABLE 2
Projects Completed in FY 2005

<i>Region</i>	<i>Project</i>	<i>Applicant</i>
1	SE KING RD - SE HARMONY RD (Fuller Rd Sidewalk & Bike Lanes)	Clackamas County
	DEER ISLAND RD - GABEL RD (Sidewalk and landscaping along US-30)	City of St Helens
	CROWN ZELLERBACH LOGGING ROAD ACQUISITION (Scappoose-Vernonia Trail)	Columbia County
2	SMITH POINT - SIXTH ST (Columbia River Trail)	City of Astoria
	VINE ST - OAK ST (MAIN STREET) (Sidewalk, curb extensions and streetscape)	City of Lebanon
4	CONDON SIDEWALK PROJECT	City of Condon

Performance Measures

There are two performance measures in place for the TE program. One addresses the obligation success rate and the other tracks on-time delivery of projects. Table 3 shows the results for FY 2005. These are the best results since the start of performance tracking in FY 2000. At 73 percent, the obligation rate in dollars was five percent higher than in 2004 and 20 percent higher than in 2002 and 2003. Obligation by project phases was 15 percent higher than in recent years. See Table 3 and “Summary of Funds Obligated” for further detail.

On-time delivery improved to 67 percent (4 of 6 projects). This includes one project that was ready for bid, but not awarded due to other planned construction in the area. Without that project, the on-time delivery rate was 60 percent, the same as last year and better than in prior years. Three of the four on-time projects are Portland-Metro area jobs that have been in development since 1999 or before. The fourth was a TE Discretionary project with heavy pressure for delivery in time for Lewis and Clark commemorations. The two not delivered on time are Region 2 projects awarded in 2003 that are being designed by city or county staff. Both these projects are now scheduled for contract in the first half of 2006.

The construction program for FY 2005 also included seven projects carried in from prior years. Four of those advanced to contract in 2005. Two of the four were FY 2004 projects and two were originally from FY 2001. Three others are still in progress, and over a year late.

TABLE 3
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) based on the federal fiscal year, October 1 through September 30. “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’05</td> <td>73% of dollars</td> <td>69% of project phases</td> </tr> <tr> <td>FY’04</td> <td>67 % of dollars</td> <td>55% of project phases</td> </tr> <tr> <td>FY’02 and ’03 (2-yr average)</td> <td>52 % of dollars</td> <td>53% of project phases</td> </tr> </table>	FY’05	73% of dollars	69% of project phases	FY’04	67 % of dollars	55% of project phases	FY’02 and ’03 (2-yr average)	52 % of dollars	53% of project phases
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FY’02 and ’03 (2-yr average)	52 % of dollars	53% 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’03 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’05</td> <td>67%</td> </tr> <tr> <td>FY’04</td> <td>62 %</td> </tr> <tr> <td>FY’02 and ’03 (2-yr average)</td> <td>55 %</td> </tr> </table>	FY’05	67%	FY’04	62 %	FY’02 and ’03 (2-yr average)	55 %
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Four projects are largely responsible for the shortfall in performance. For two of these the main cause of delay was under-estimating the complexity and timing of the right-of-way phase. For others the main factors were slow start-up and progress in the design phase and a project scope that was not well defined when design began. In 2003 the TE Program initiated several new strategies for improving project delivery, and these are starting to work. Of the 11 projects awarded in 2003, eight are progressing on time and only one is significantly delayed. Two projects originally scheduled for FY 2005 will be ready for bid in the summer of 2006.

Summary of Funds Obligated

With a few exceptions, the procedures that apply to federal-aid highway projects also apply to TE projects. The TE funds are not available for project payments until a formal authorization by the Federal Highway Administration. FHWA authorization allows “obligation of funds” to a specific project or phase of a project. This allows ODOT to collect funds from FHWA to reimburse the project sponsor for qualified project expenditures.

One way to gauge progress in the TE program is to track the obligation of funds in each year. Table 4 shows the results for 2005 by percentage of dollars obligated and by percentage of project phases obligated.

In FY 2005 the intended obligation was **\$9,326,000**¹ statewide. Over 60 percent of this was for work delayed from FY 2004 or before. The amount obligated was **\$6,778,000** or 73 percent of the total dollars intended. Since the start of tracking in FY 2000, this is the first time the result has been over 70 percent. There was nearly equal success in advancing current-year work and work delayed from prior years. Two TE Discretionary projects (for \$1.7 million) both advanced on time, contributing to the improved results for 2005.

In the second part of Table 4, each phase of a project—preliminary engineering, right-of-way, and construction—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. In 2005 there was not an extremely large project dominating the results. The percentage for phases obligated was about the same as for dollars obligated.

The ODOT regions varied in their success at delivering TE projects, but not nearly as much as in past years. Regions 1 and 2 both had good obligation rates this year and raised their cumulative average above 40 percent for the first time. Region 4 shows 92% dollars obligated, instead of 100%, because \$81,000 previously obligated was de-obligated (returned unused) after project completion. Regions 3 and 5 show zero percent obligated, but had a very small fraction of the intended delivery.

Table 4 shows actual amounts obligated in comparison to each region’s share of the intended (programmed) work for the year. For the first time, the amounts obligated by each region were about the same as the region’s intended share of the year’s funding.

¹ For easier reading, the values in this section are shown to the nearest thousand dollars.

TABLE 4

FY 2005 Summary of TE Funds Obligated

PART 1: DOLLARS OBLIGATED

	R 1	R 2	R 3	R 4	R 5	All
Obligated	\$2,426,534	\$3,367,530	\$0	\$983,605	\$0	\$6,777,669
Intended (programmed)	\$3,774,416	\$4,475,646	\$2,000	\$1,064,630	\$8,973	\$9,325,665
% Dollars Obligated	64%	75%	0%	92%	0%	73%
Average % Dollars, FY 2001-2004	49%	43%	68%	76%	80%	52%
Region's share of FY'05 intended	40%	48%	0.02%	11%	0.10%	
Region's share of FY'05 obligated	36%	50%	0%	15%	0%	

PART 2: PROJECT PHASES OBLIGATED

	R 1	R 2	R 3	R 4	R 5	All
Obligated	5	11	0	2	0	18
Intended (programmed)	8	14	1	2	1	26
% Phases Obligated	63%	79%	0%	100%	0%	69%
Average % Phases, FY 2001-2004	40%	41%	65%	67%	100%	49%
Region's share of FY'05 intended	31%	54%	4%	8%	4%	
Region's share of FY'05 obligated	28%	61%	0%	11%	0%	

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. Unfortunately, these statistics often surface in discussions of TE funding at the national level. The number most often cited is cumulative obligation rate, which is lower than rates for recent years. When this issue comes up, it is important to emphasize the benefits of TE projects and the on-going improvement in project delivery.

For FY 1992-2005, Oregon has obligated about 63% of its TE apportionment and 70% of its available funds³. This is a one-percent increase over last year. However, Oregon remains in the bottom 20 percent nationally for TE funds obligated (1992-2004 cumulative)⁴. Our place in these rankings is affected by state laws, ODOT policies, ODOT Local Programs staff available to assist local agencies, and the experience and motivation of TE project sponsors. It also depends on the funding ODOT makes available for TE projects. With the OTC decision to withhold 40 percent of the annual TE apportionment for FYs 2002-2007, Oregon can expect to remain low in the national rankings for several more years.

To maximize the cumulative rate it is important to commit all available funds to projects and keep those projects on schedule. Region 1 and still has over \$3 million in late TE projects originally programmed to FY 2003 or before. Completing those projects will help Oregon gain a few places in the national rankings. Making full use of all available funds from now on will have an even greater effect.

CONCLUSION

The TE program was successful this year in selecting new projects and advancing the existing projects. Thirteen new projects were approved through competitive selection and one received TE Discretionary funds. Six projects were completed and opened to the public. New strategies to expedite the programming process succeeded in getting signed agreements for nine of the new projects in place by the end of FY 2005 and two others signed in October 2005.

The program continued to show improvement in both of its performance measures (funds obligated and on-time delivery). The \$6.8 million obligated was well above the \$4.4 million average since inception of the program, and also above the \$6.3 million average for the three most recent years.

A public input phase was successfully incorporated into the project selection process, but needs refinement in how the ACTs and MPOs participate. Their concerns will be addressed in the next funding cycle. There is a need to better define the process for awarding TE Discretionary funds. The TE Advisory Committee is working on this already. The TE Program remains very popular statewide and continues to attract many more applications than the available funds can accommodate. Its projects often augment or initiate larger livability and revitalization efforts that are very important to the communities involved.

³ Based on amount available after limitation—averaging 90% of the appropriated amount for 1992 - 2004.

⁴ *Transportation Enhancements: Summary of Nationwide Spending as of FY 2002 (NTEC, 2004)*