



Changing ODOT's Funding Allocation & Project
Selection Processes

DRAFT
Recommended Scenarios

June 2012 OTC Meeting

Introduction

This document continues the ongoing conversation on the development of new funding allocation and project selection processes at ODOT. At prior meetings the OTC has given direction in the development of scenarios for funding, Fix-It and Enhance Category parameters, and supporting assumptions. The enclosed materials address the next steps in this evolving process.

Included in this packet you will find:

- A recommended funding level (range) to be used as a baseline scenario.
- Recommended funding approaches for three funding levels.
- A recommended funding 'split' for the Enhance and Fix-It Categories.
- A recommended funding 'split' within the Enhance Category to allocate funding to the ODOT Regions and a set-aside for the OTC to address state priorities or unintended gaps left in the implementation of this new process.
- Listings of project types eligible for the Enhance and Fix-It Categories.
- A listing of descriptions and assumptions pertaining to the recommendations.
- An allocation worksheet that shows total projected funding for the three funding levels and the resulting dollar allocations from the recommendations.
- Several spreadsheets with supporting details of the: a) STIP allocations (blue), b) Enhance and Fix-It Category allocations (orange), and c) the region and state level allocations of the Enhance funds.

Reminders:

- Project selection and prioritization for the Enhance funding will be conducted by the ACTs.
- Project selection for the Fix-It funding will be done via ODOT management systems and staff in alignment with the Guiding Principles developed for that purpose. A subsequent report will be developed showing results of the project selection and impacts on system condition and service delivery.

Direction sought from the OTC at its June meeting

Does the information that is provided in this packet provide the OTC with the necessary information to make a decision in July regarding the following:

- Enhance and Fix-It Category allocations at the three funding levels
- Funding splits between the Enhance and Fix-It Categories, using the baseline funding scenario
- Potential range for baseline funding recommendation
- Funding splits for Regions and a portion set aside for OTC allocation
- Confirm decisions from the April OTC meeting regarding TGM and IOF, which were to maintain their existing budgets and program responsibilities.
- Confirm decision from the April OTC meeting regarding CMAQ, which was to have this program continue as it currently exists for this STIP update, and have a further discussion on this program and these funds prior to future funding allocation decision making.
- Acknowledge that there may be a decision needed regarding recreation trails / Oregon Parks and Recreation Department

Direction and decisions sought from the OTC at its July meeting:

Approval of funding allocation packet.

Approval of application and criteria.

Recommended Scenarios for OTC Consideration and Input

At the April 2012 OTC meeting, several high level scenarios were reviewed. Those scenarios were based on two variables: 1) Funding Levels and 2) Allocations to the Enhance and Fix-It Categories

I. Funding Levels

A. Background

The three funding levels used are based on estimated likelihoods of actions taken by federal government. The three assumptions for federal funding are as follows.

Funding Level 1:

This level is based on a Congressional Budget Office estimate assuming potential Congressional actions adding \$10B-\$15B annually to the Federal Highway Trust Fund to preserve current funding levels.

Funding Level 2:

This level is the midpoint between Levels 1 and 3 and also represents a general continuation of the 2012-15 STIP funding levels extended to 2015-18.

Funding Level 3:

This level assumes Congress does not provide additional revenues for the Federal Highway Trust Fund, requiring deep cuts.

B. Staff Recommendation

Use Funding Level 2 as the baseline funding level scenario given the rationale below:

- conservative and reasonable
- high likelihood that funding will not fall short of this level
- should additional funding become available it is a relatively simply process to move additional Fix-It projects forward

			Funding Level 1
Recommended Baseline			Funding Level 2
			Funding Level 3

This baseline funding level scenario assumes that funding available for Enhance and Fix-It ‘Orange’ project types will be approximately \$1,352M. That figure, as stated above for Funding Level 2, is a projection between the Congressional Budget Office estimate assuming Congressional actions to add to the Federal Highway Trust Fund and an estimate that assumes no additional revenue to the Federal Highway Trust Fund.

For comparison purposes, this number for the 2012-15 STIP would be approximately \$1,316. For additional detail, see page 9.

C. OTC Direction Sought

Is there concurrence that this level of funding seems reasonable as the baseline assumption? If not, what are the concerns or questions?

II. Category Allocations

A. Background

In the previous discussions, category allocations for Fix-It and Enhance have been percentage-based. The three allocation assumptions used in the April scenarios were as follows:

Category Allocation A:

10% increase in the amount allocated to Fix-It compared to the current allocation percentage.

Category Allocation B:

An extension of the current allocation percentages to both Fix-It and Enhance.

Category Allocation C:

10% increase in the amount allocated to Enhance compared to the current allocation percentage.

Category Allocations

(A) 10% Additional to Fix-It	(B) Current ratio (20%, 80%)	(C) 10% Additional to Enhance	
X			Funding Level 1 Additional \$
		Rec'd Baseline	Funding Level 2
	X		Funding Level 3 Reduced \$

B. Staff Recommendation

The recommendation brought forward here is a hybrid of the original allocation options. It is recommended that initially there is an approximate 10% increase in funds to Enhance as compared to the 2012-15 percentage allocation to those types of projects. The guidance this would give to the Agency, assuming a baseline funding level of \$1,352M available to Enhance and Fix-It (orange funding), would be:

1. If funding available is within a 10% range either direction of \$1,352M, the percentage allocated to Enhance would be 24% and 76% to Fix-It. That range translates to \$1,217 to \$1,487.
2. Should additional funding become available between the assumed baseline scenario range, above, and the assumed Funding Level 1 amount of \$1,587M, those additional funds would go to Fix-It.
3. Should less funding become available between the assumed baseline range in 1 (above) and the assumed Funding Level 3 amount of \$1,117M, reductions will be made to Categories to move toward the central 2012-15 allocation percentages of 20% to Enhance and 80% to Fix-It.

Baseline Recommendation for State Funds: Assume state funding will continue to provide funds equivalent to the 2012-15 levels for: Bike/Ped, IOF, Rail-Highway Crossings and Site Mitigation, totaling \$47M over four years.

C. OTC Direction Sought

Agreement to hybrid approach of funding allocations to Enhance and Fix-It.

III. Project Types Eligible for Enhance Category Funds

A. This recommendation on project types eligible for Enhance Category Funds is consistent with earlier discussions. Projects proposed via the application process with the ACTs do not need to self-identify as any specific project type. The list below is simply for illustration and clarification. A proposed project might include elements from several of the above project types.

- Bicycle and/or Pedestrian facilities on or off the highway right of way
- DSTIP projects – development work for projects that exceed the 4 year window of the STIP
- Flex Funds
- Modernization
- Protective Right of Way purchases
- Public Transportation (capital projects only, not for ongoing operations)
- Recreational Trails
- Safe Routes to Schools
- Scenic Byways
- Transportation Enhancement
- Transportation Demand Management

B. OTC Direction Sought

Agreement as to project types eligible for Enhance Category funds

IV. Enhance Category Funding Splits to Regions and Statewide Priorities

A. The staff recommendation on allocating Enhance Category Funds, totaling \$324M using the baseline scenario of Funding level 2 and Category Allocation C as described on previous pages, is as follows:

- 20% of the funds are set aside for OTC obligation to state priorities.
- 80% of the funds will be allocated to the 5 ODOT Regions using the “modernization split” formula.
- Using the funding assumptions from the recommended scenario, the funding allocations would be:
 - 20% to state priorities = approximately \$64.8M for the 2015-2018 timeframe
 - 80% to regions using the ‘modernization split’ formula = approximately \$259.2M
 - Region 1 = 38% approximately \$98.5M
 - Region 2 = 29% approximately \$75.2M
 - Region 3 = 15% approximately \$38.9M
 - Region 4 = 10% approximately \$25.9M
 - Region 5 = 8% approximately \$20.7M

See the spreadsheet on page 10 for more detail.

B. OTC Direction Sought

Level of support for the concept of an OTC set-aside amount
Level of support for the 80% / 20% split for Regions / OTC
Level of support for using the Modernization Equity Split formula for determining Region allocations

V. Project Types Eligible for Fix-It Category Funds

A. This recommendation on project types eligible for Fix-It Category Funds is consistent with earlier discussions.

- Bridges – state
- Culverts
- High Risk Rural Roads
- Illumination, signs and signals
- Landslides and Rockfalls
- Operations (includes ITS)
- Pavement Preservation
- Rail-Highway Crossings
- Safety
- Salmon (Fish Passage)
- Site Mitigation and Repair
- Stormwater Retrofit
- TDM – to Regions (part of Ops)
- Workzone Safety (project specific)

B. OTC Direction Sought

Agreement as to project types eligible for Fix-It Category Funds

VI. Fix-It Category Funding Allocations

A. Funding allocations for project types eligible for the Fix-It Category funding will be determined via ODOT management systems and staff in alignment with the Guiding Principles developed for that purpose. A subsequent report will be developed showing results of the funding allocation and project selection and resulting impacts on system condition and service delivery.

Enhance and Fix-It Funding Allocation Process for 2015-18

Staff Recommended Scenario

6/5/2012 Draft - for discussion purposes only

Descriptions

- 1) Dollar amounts are in millions and are the four year totals for the 2015-2018 STIP timeframe, unless noted otherwise.
- 2) Program allocation amounts that are federal dollars do not include the state match. There will be approximately 10% state match on top of this.
- 3) Programs and funding *not* included: OTIA, ARRA, JTA, *Connect* Oregon, nor earmarks.
- 4) **Blue highlighting** = Programs included in the STIP, but **not** included in the 2015-18 Enhance & Fix-It Project Selection process.
- 5) **Orange highlighting** = Programs included in the STIP and **are** included in the 2015-18 Enhance & Fix-It Project Selection process.
- 6) Directed Minimums (DM): directed minimum allocations per federal or state regulations or legislation; OTC direction; or in-place agreements.

Assumptions

- a) Federal plus state funding level assumption: Baseline amount available for orange highlighted programs in Enhance & Fix-It = \$1,352M
- b) State funding level assumption: The amount of state funds in the 2012-15 STIP available for the Bike/Ped, IOF, Rail-Highway Crossings and Site Mitigation programs was \$47M. The recommended scenarios assume that level will be held constant.
- c) For planning/project selection purposes, the funding levels of the scenario approved by the OTC at its July meeting will remain in place until the 2017-2020 STIP update.
- d) There will, at minimum, be an annual internal review of the projected funding as compared to actuals/revised projections to validate allocations or bring recommendations to the OTC.

Enhance and Fix-It Funding Allocation Process for 2015-2018

Staff Recommended Scenario

June 5, 2012 Draft - for discussion purposes only

Blue highlighting: Programs included in the STIP, but are **not** included in the 2015-18 Enhance & Fix-It Project Selection process

Rec'd: The recommended funding assumption - based on federal funding projections and static state funding.

Directed Minimums (DM): directed minimum allocations per federal or state regulations or legislation; OTC direction; or in-place agreements.

* indicates a funding decision subject to OTC direction for 2015-18

Outside of Enhance / Fix-It Categorization (for the 2015-2018 project selection process)

MPO Planning	\$18
SPR (State Planning & Research)	\$40

Enhance = Enhancing, expanding or improving the System

Enhance	Rec'd	Notes
CMAQ	\$82.4	DM = OTC direction to fund this program. (2012-2015=\$63.2)
IOF *	\$14.0	IOF funding is being kept separate from the funds to be allocated from the Enhance Category per discussion at April 2012 OTC meeting. State funds only. Recommendation is to continue recent funding level of \$3.5/year.
Rec Trails *	n/a	It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Enhance category funding. Historically these program funds have been passed through to the Oregon Parks & Recreation Department. (2012-2015=\$5.6)
Public Transit	\$42.0	DM = State Legislative direction regarding allocation of federal funds for Elderly & Disabled (2012-2015=\$42.0)
TGM *	\$17.1	TGM funding is being kept separate from the funds to be allocated from the Enhance Category per discussion at April 2012 OTC meeting. Funds are allocated by biennium; project selection is done annually. This figure includes all of TGM (grants, code assistance, quick response, outreach and staff). Recommendation is to continue recent funding level of \$17.1 over four years.
TMA -pass throughs, in MTIPs	\$134.1	TMA funds may, but do not have to be, spent on the state system. Direct pass through of federal dollars. (2012-2015=\$102.8)

Fix-It = Fixing or preserving the System

Fix It	Rec'd	Notes
Bridge - local	\$87.4	DM = amount of allocation increases or decreases in relation to total allocation to state. Per 2006 agreement with AOC/LOC. (2012-2015=\$77.7)
Public Transit - FTA	n/a	Funding amounts determined by Federal Transit Administration. (2012-2015=\$56.2)
Rail-Highway crossings-state funds	\$2.8	DM = ORS 824.018. State Funds. (2012-2015=\$2.8)
Rail-Highway crossings-federal funds	n/a	It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Fix-It category funding.
Safety (Sec. 164)	n/a	DM = per federal legislation. Amount is set based on a % of allocation (2012-2015=\$27.3)
STP Allocation to Cities/Counties	\$92.8	DM = amount of allocation increases or decreases in relation to total allocation to state. Per 2006 agreement with AOC/LOC. (2012-2015=\$89.2)
Total Blue Funds	\$531	

Enhance and Fix-It Funding Allocation Process for 2015-2018

Staff Recommended Scenario

June 5, 2012 Draft - for discussion purposes only

Orange highlighting = Programs included in the STIP and **are** included in the 2015-18 Enhance & Fix-It Funding Allocation process

Directed Minimums (DM): directed minimum allocations per federal or state regulations or legislation; OTC direction; or in-place agreements.

Enhance = Enhancing, expanding or improving the System

	Enhance	Rec'd	Notes
Project selection by ACTs and OTC	Bike/Ped-\$29M includes \$15M SWIP		DM = 1% of ODOT's share of the State Highway Fund. (2012-2015=\$29) State Funds only. SWIP=Sidewalk Improvement Program.
	Flex Funds		
	Modernization		
	DSTIP	\$324	
	Protective ROW purchases		
	Recreational Trails (<i>non Parks Dept</i>)		It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Enhance category funding.
	Safe Routes to Schools		It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Enhance category funding.
	Scenic Byways		It is unlikely that the next Federal Authorization will include this program. These types of projects could be eligible for Enhance category funding. This program is not funded beyond 2012.
	TE-Transportation Enhancement		
	TDM - to Public Transit Division		
		24%	Percentage of total "orange" funds for Enhance & Fix-It that would be allocated to Enhance Category.

Fix-It = Fixing or preserving the System

	Fix It	Rec'd	Notes
Project selection by management systems and staff	Bridge - state		
	Culverts		
	High Risk Rural Roads		It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Fix-It category funding.
	Illumination, signs and signals		
	Landslides and rockfalls		
	Operations (includes ITS)		
	Pavement Preservation	\$1,028	
	Rail-Highway Crossings		
	Safety		
	Salmon (Fish Passage)		DM = 1997 Commitment between ODOT and Governor's office re: Oregon Plan for Salmon and Watersheds. (2012-2015=\$11.5)
	Site Mitigation and Repair		State funds only.
	Stormwater Retrofit		DM = Requirement ends at the end of 2014. (2012-2015=\$6.3) Funds were from Fish Passage program.
	TDM - to Regions (part of Ops)		
Workzone Safety (project specific)			
		76%	Percentage of the total "orange" funds for Enhance & Fix-It that would be allocated to Fix-It Category.
Total Orange Funds		\$1,352	

Enhance and Fix-It Funding Allocation Process for 2015-2018

Staff Recommended Scenario

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Funding Allocation Worksheet for June 2012 OTC Meeting

	Level 1 (increased federal funds)	Baseline Scenario = Level 2	Level 3 (reduced federal funds)
Federal Funds	\$2,071	\$1,836	\$1,601
Plus State program funds ⁽¹⁾	\$47	\$47	\$47
Total Fed & State	\$2,118	\$1,883	\$1,648
Less Total Blue	\$531	\$531	\$531
Available for Orange (for comparison purposes, this number for the 2012-15 STIP would be approximately \$1,316)	\$1,587	\$1,352	\$1,117

Because revenues vary on a frequent basis, a range of 10% on either side of the baseline line funding available for 'orange' funds to allow for smaller fluctuations. The alternate recommended scenarios for increased/decreased funding would 'kick in' when revenues fall outside of that range. That range for the Baseline Scenario funding of \$1,352 is \$1,217 to \$1,487.

Recommended/Baseline Assumption:

Total Orange for Enhance @ 24%	\$324
Total Orange for Fix-It @ 76%	\$1,028

Increased federal funds assumption: For illustration purposes, using \$1,587

Total Enhance held at baseline	\$324
Total Fix-It = balance	\$1,263

Reduced federal funds assumption:

For illustration purposes, using \$1,117

Total Orange for Enhance @ 20%	\$223
Total Orange for Fix-It @ 80%	\$894

\$ are in millions

⁽¹⁾ Baseline for State Funds: Assume state funding will continue to provide funds equivalent to the 2012-15 levels for: Bike/Ped, IOF, Rail-Highway Crossings and Site Mitigation, totaling \$47M. State funds for matching federal dollars are not included.

Enhance and Fix-It Funding Allocation Process for 2015-2018

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Recommended Allocation to Regions and State - Using Baseline Funding Scenario

Each Region determines the process for funding with their ACTs.

Enhance = Enhancing, expanding or improving the System

	Enhance	Rec'd	Notes	
Project selection by ACTs and OTC	Bike/Ped-\$29M includes \$15M SWIP	\$324	\$64.8 20% for OTC allocation to state priorities	
	Flex Funds			
	Modernization		\$259.2 80% to Regions using 2012-15 Mod Split formula:	
	DSTIP			
	Protective ROW purchases			Region 1 = 38% \$98.5
	Recreational Trails (<i>non Parks Dept</i>)			Region 2 = 29% \$75.2
	Safe Routes to Schools			Region 3 = 15% \$38.9
	Scenic Byways			Region 4 = 10% \$25.9
	TE-Transportation Enhancement			Region 5 = 8% \$20.7
	TDM - to Public Transit Division			

Fix-It = Fixing or preserving the System

	Fix It	Rec'd
Project selection by management systems and staff	Bridge - state	\$1,028
	Culverts	
	High Risk Rural Roads	
	Illumination, signs and signals	
	Landslides and rockfalls	
	Operations (includes ITS)	
	Pavement Preservation	
	Rail-Highway Crossings	
	Safety	
	Salmon (Fish Passage)	
	Site Mitigation and Repair	
	Stormwater Retrofit	
	TDM - to Regions (part of Ops)	
	Workzone Safety (project specific)	

Total Orange Funds	\$1,352
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Enhance and Fix-It Funding Allocations for 2015-2018

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TE-Transportation Enhancement			
TDM - to Public Transit Division			
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	IOF *	\$14.0	IOF funding is being kept separate from the funds to be allocated from the Enhance Category per discussion at April 2012 OTC meeting. State funds only. Recommendation is to continue recent funding level of \$3.5/year.
	Rec Trails (<i>Parks Department</i>) *	n/a	It is unlikely that the next Federal Authorization will include this program. These type of projects could be eligible for Enhance category funding. Historically these program funds have been passed through to the Oregon Parks & Recreation Department. (2012-2015=\$5.6)
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Total Blue Funds	\$531
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Total Blue and Orange Funds \$1,883

