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The New STIP Project Selection Process

*Guidance and Considerations for Project Application
Review and Prioritization*

ODOT Region 2
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Overview

The Oregon Transportation Commission (OTC) and the Oregon Department of Transportation (ODOT) are instituting changes to the process by which the Statewide Transportation Improvement Program (STIP) is developed. The STIP development process will no longer be developed as a collection of programs tied to specific pools of funding dedicated to specific transportation modes or specialty programs. Beginning in the summer of 2012, the STIP will be divided into two broad categories—Fix-it and Enhance-it. The primary objective of this change is to enable ODOT to take care of the existing transportation assets while still providing a measure of funding to enhance the state and local transportation system in a more integrated multi-modal way.

There are a number of issues driving the need for this change. Perhaps most importantly, in a period of time where revenue for transportation system maintenance and improvement is limited and declining, it is important that the transportation investments that are made effectively address a wide range of issues from safety, mobility, and accessibility to economic development, sustainability, energy, health, and community livability. In short, we need to identify the most effective projects based on community and state values, rather than those that fit best into prescribed categories. The new STIP development process is also in alignment with ODOT's internal effort to "right-size" the agency and reorganize itself along functional lines (rather than modal or program lines) to better adapt to a future of continuing financial constraints.

At the core of this new approach is a single application process for all projects that will be funded under the Enhance-it side of the STIP. While projects under the Fix-it side of the STIP will be identified by ODOT staff and the OTC, largely through application of ODOT's management systems, Enhance-it projects will be selected by the OTC based on recommendations that are developed by local governments and agencies through a review and prioritization process conducted by the Metropolitan Planning Organizations (MPOs), where applicable, and the Area Commissions on Transportation (ACT) which have been established as formal advisory bodies to the OTC.

The purpose of this guidance document is to provide some perspective and considerations for reviewers to use when evaluating and prioritizing Enhance-it applications. Because of the wide diversity of projects that are expected to be submitted, devising a formal, quantitative scoring process is problematic. However, despite the fact that this review, evaluation, and prioritized selection recommendation process will be largely qualitative and driven by matching identified problems with cost-effective solutions that reflect local values and issue concerns, there are some practical side boards that can be established to help guide the recommendation decision-making process. The rest of this document will provide those policy-based and practical parameters.

It should be noted that these guidelines are not intended to be definitive or inclusive of all possible considerations. Other considerations of local or regional importance may be factored into any Area's selection recommendation process. The only real requirements within the selection recommendation process are that the projects requested legitimately address at least one of the benefit areas included in the application (addressing multiple areas generally makes for a stronger application) and what ever logic and rationale is use to make the priority selection recommendation decisions is clearly and thoroughly documented.

Governor's Direction

One excellent source of guidance for determining which project applications represent the best high-value, multimodal project opportunities comes from the office of Governor John Kitzhaber. Over the last year, the Governor has laid out a variety of principles about how transportation system investment should be made and how the investment decision-making process should be conducted. These principles should be considered when evaluating STIP project applications and can provide part of the basis for making project selection recommendation decisions.

On August 24, 2011 the Governor met with the OTC and talked about his direction and expectations of the OTC and Oregon transportation system stakeholders. The following bullet points summarize his key themes.

- Maximize and leverage investments by looking for:
 - projects with the potential to be both effective and efficient
 - projects that involve multiple funding sources
 - projects that are complimentary to other projects or community development activities and offer the chance for the whole to be greater than the sum of the parts
- Investments must achieve multiple objectives
- Conduct pro-active asset management (strategically take care of what we already have)
- Move towards a more multi-modal transportation system by maximizing funding flexibility and considering a wider range of community issues and benefits
- As funding decreases and projects become increasingly difficult to implement we need to transition and transform the way we work—to look for new ways of doing business
- Use Regional Solution Centers to reduce bureaucratic barriers and help identify opportunities to partner and leverage projects
- Look for projects that result in GHG emissions reductions
- Continue to develop a Rapid Passenger Rail Plan
- Implement least cost planning principles
- Incorporate practical design principles from planning to project development
- Weigh all the values we have—including energy, job creation and health—in final design

The Governor also laid out 6 principles he wants brought to the fore in transportation decision making. Those 6 principles are:

1. Have the right group of people at the table at the beginning of the process to define the problem and solution together
2. Determine who is best positioned to manage/own facilities
3. Create programs that invest in the transportation system AND meet a multitude of community objectives
4. Move us closer to a sustainable, safe, lower carbon, multi-modal system
5. Maximize benefit for the least cost under limited resources
6. Move us closer to a transportation funding mechanism for the future

Additionally, the Governor stressed that to support sustainable communities, state agencies shall seek to help enable and encourage local communities to achieve the following objectives:

- Resilient local economies that provide a diversity of economic opportunities for all citizens
- Workers supported by lifelong education to ensure a globally competitive workforce
- An independent and productive citizenry
- Youth supported by strong families and communities
- Downtowns and main street communities that are active and vital
- Development that wisely and efficiently uses infrastructure investments and natural resources
- Affordable housing available for citizens in community centers
- Healthy urban and rural watersheds, including habitats for fish and wildlife
- Clean and sufficient water for all uses
- Efficient use and reuse of resources and minimization of harmful emissions to the environment

Project applications that demonstrate alignment with these various directives and principles will ultimately have an improved chance of being chosen for implementation.

OTC/OTP Direction

The OTC has also provided significant guidance over the last year about what will constitute a successful project as funding becomes more limited and projects become more difficult to implement. As has been the case for many years, the OTC continues to put a strong emphasis on first preserving the existing transportation system. This is evidenced by the funding split between the Fix-it portion of the proposed new STIP (76%) and the Enhance-it portion (24%).

The Oregon Transportation Plan

The Oregon Transportation Plan (OTP) set the stage for ODOT's transition to a more multimodal agency with multiple goals and policy objectives when it was adopted in 2006. Demonstrating how a project will meet or advance the OTP goals and objectives will be an asset to any Enhance-it application and will ultimately strengthen its chances of being chosen for implementation

The OTP Goals

1. Mobility & Accessibility
2. Management of System
3. Economic Vitality
4. Sustainability
5. Safety & Security
6. Funding the Transportation System
7. Coordination, Communication and Cooperation

October 2011 OTC Workshop:

At this meeting the OTC received presentations on and discussed a variety of issues including the current funding and institutional realities facing ODOT and Oregon transportation system development, future challenges, and how other DOTs addressed financial limitations and

achieved improved partnerships with transportation stakeholders and jurisdictions. The presentation on current agency realities highlighted the following key points:

- Funds are not keeping up with expenditures
- All modes are under funded
- The transportation system will deteriorate from its current condition, both physically and operationally
- New strategies are being implemented to maximize our investments
- The organization is being reduced in size and services to match projected funding levels

The OTC Commissioners identified the following thematic priorities during the October 2011 workshop discussions:

- The need to achieve a truly multimodal system
- Work to integrating ‘health’ into transportation discussions
- Improve transportation system efficiency by implementing technology solutions
- Look for ways to be innovative in project funding, packaging, and implementation
- Continue developing and seeking approval for sustainable funding mechanisms
- Look for creative ways to cooperatively resolve inter-governmental transportation system problems

November 2011 OTC workshop

In November 2011, the OTC invited the Chairs of the Area Commissions on Transportation (ACTs) and other Advisory Committees to participate in a workshop presentation focused on some of the challenges that Oregon is facing. A key theme was that now, more than ever, we need to engage transportation stakeholders in identifying issues and developing creative and sustainable multimodal transportation system solutions.

The presentations were followed by a roundtable discussion with the Advisory Committees on their perspectives on opportunities and challenges. The OTC and ODOT also believe that ACTs have been underutilized given the experience and commitment of the ACT members. And many ACT members have expressed desire to play a broader role. It was agreed that this would be the first meeting of this type and not just a one time event.

The overarching point of agreement that emerged from these meetings was similar to some of the conclusions that emerged from the Governor’s direction and the previous OTC work—ODOT no longer has the resources to keep doing what we’ve been doing and how we’ve been doing it. Neither do the local jurisdictions. While our collective years of experience still have value, in order to be successful, we will all need to evolve and adapt to the financial and institutional changes that have taken place over the last 20 years. Rather than viewing this as a negative situation, it should really be seen as an opportunity for all of us to improve the way we do things to manage the transportation system in Oregon.

Enhance-it applications can be further strengthened to the extent that they address the key themes and priorities identified during the OTC workshops in October and November 2011.

General Considerations

In addition to the themes, priorities, and direction provided by the Governor and the OTC as we move into a more open and competitive multimodal STIP process, there are a number of practical guidelines and general considerations that should be considered as applications are developed and applied during the project selection recommendation process. These are listed below in no particular order.

- Be realistic—funds are very limited—there will be no Area sub-allocations, but some level of geographic equity can be assumed/expected when the selection recommendations make it to the super ACT process.
- Tell a good story in the application and look for a good story during the review process. The application process is very flexible and designed to enable a very diverse range of projects to compete for funding on as level a playing field as possible. Think of the application as a narrative that allows the applicant to put their best foot forward as they describe why the proposed activity will be an asset to its community or area. While certain quantitative information is required by the application, the review process, by necessity of the diversity of eligible project types, will be very qualitative. The ability to tie a project proposal to multiple goals, objectives, and priorities will make for a better presentation, if those connections are strong and real; keeping in mind that projects will be prioritized by a consensus assessment of value and not by mode.
- That said, don't guild the lily. Having a variety of priorities that can be spoken to does not mean that an application should try to address every possible priority area if the connection to that priority area does not really exist or is tenuous, at best. The "everything and the kitchen sink" approach to application development generally results in a far weaker application because the stronger points can easily get lost in or diluted by the weaker ones. Extraneous or tenuous information also makes it more difficult for the reviewer to see the true value of a proposal and less likely that the application will be fully appreciated. In short, go with your strengths and do not "oversell" the proposal.
- Time will be tight between October and January. ACTs and MPOs will need to work with ODOT and local jurisdictions to ensure that each entity has a voice in the process and existing committee structures and decision-making processes are respected.
- The greatest individual project need may not be the highest value project to submit for consideration. For example, if there is a choice between one project that overwhelmingly benefits one mode for a certain cost and a group of three smaller projects with a similar collective cost that, by themselves, do not have a particularly high value, but collectively have a benefit that approaches the single project, but does so across several modes, the bundle of smaller projects may, in fact, have a higher community value. Additionally, within the practical constraints of the funding available, a community's greatest need may simply be beyond any reasonable expectation of being funded through the Enhance-

it program. In that situation, the highest value project to submit will be one (or a bundle) that actually has a reasonable chance of being funded, even though it does not necessarily address a community's greatest transportation problem.

- Look for opportunities to bundle and leverage. As illustrated above, looking for synergy among a group of complimentary projects may lead to a situation where the whole is really greater than the sum of the parts. A bundled project probably also stands a better chance of being multimodal and will likely present more opportunities to leverage funding and other project support from multiple sources.
- You can try to look to create agreements across jurisdictions or areas in pursuit of larger projects. Within any given Area, multi-jurisdictional applications come with built-in larger support bases. While problems can exist when greater value is realized in one jurisdiction, agreements can establish an expectation that future support would be provided by the jurisdiction that benefits more now for a project within the jurisdiction that receives the lesser current benefit. The same "quid pro quo" can be sought between Areas, particularly for major project needs, but this kind of agreement can be very difficult to draft and risky to rely upon.
- Understand that larger projects will not likely be supported by this process and will generally be dependent on new public funding programs (federal, state, or local), targeted funding outside of the Enhance-it process, or special state or federal earmarks.