

March 4, 2004

To: Metropolitan Policy Committee  
From: Paul Thompson  
Subject: Item 4.b: Draft FY06-09 STIP Project Priorities

**Action Recommended:** Hold Public Hearing. Approve FY06-09 STIP Priorities and Forward to Lane County Board.

### **Issue Summary:**

Every two years the Oregon Transportation Commission (OTC) requests input from MPOs, Area Commissions on Transportation (ACTs), and other groups throughout the state on priorities for funding transportation projects and programs in the Statewide Transportation Improvement Program (STIP). The OTC is currently soliciting input regarding priorities for the use of modernization funds on the state highway system.

### **Background**

At the January and February 2004 meetings, the Metropolitan Policy Committee (MPC) received background materials and potential state highway system STIP project lists from staff. In February, MPC reviewed the initial list of projects eligible for funding in both the FY2006-2009 Development STIP (D-STIP) and the FY2006-2009 Construction STIP (C-STIP). The D-STIP includes projects that require more than four years to develop or for which construction funding needs to be obtained. D-STIP projects receive funding for development milestones such as facility planning, environmental assessment work, right-of-way acquisition, or other pre-construction activities. Projects that can complete the development process and be ready for construction bid within four years or less may be placed directly into the C-STIP. Both D-STIP and C-STIP projects must meet several eligibility criteria, and must address a set of prioritization factors in order to be selected for inclusion in the STIP. (The eligibility criteria and prioritizing factors were included in the January MPC agenda item packet as Attachment 1 to item 5e.)

At the February MPC meeting, MPC directed staff to assess the list of eligible projects against D-STIP and C-STIP prioritization factors and opened a public comment period on the STIP priorities.

## Developing Central Lane MPO C-STIP and D-STIP Priorities

### Preliminary Technical Rankings

After reviewing the eligible projects with MPC in February as sorted into a “Potential D-STIP Projects” list or a “Potential C-STIP Projects” list, staff began the work of assessing each project against the prioritization factors presented in February. Both the C-STIP and D-STIP processes for evaluating priorities are governed by the OTC’s *Project Eligibility Criteria and Prioritization Factors Process Description and Guidance for the 2006-2009 Development STIP and Construction STIP* document. This document was included in the January 2004 MPC packet as Attachment 1 to item 5e.

The prioritization factors specified by the OTC for C-STIP modernization projects are:

- Project Readiness (an assessment of the likelihood of a project getting to construction in the timeframe contemplated)
- Projects that best support the policies of the Oregon Highway Plan
- Projects that leverage other funds and public benefits
- Class 1 and Class 3 projects that have completed an environmental milestone of a Record of Decision (ROD) or Finding of No Significant Impact (FONSI)

The OTC guidance also states that “ACTs, MPOs and regional or statewide advisory groups may use additional criteria to select and rank projects provided the criteria are consistent with the project eligibility criteria and prioritization factors adopted by the OTC.” As discussed in February, for the prioritization of potential C-STIP modernization projects staff recommends that the Central Lane MPO utilize an additional set of factors considering consistency with the adopted Central Lane RTP policy set. Each project’s support of the four RTP policy categories would be considered individually.

Staff recommended that the potential D-STIP projects be prioritized using OTC’s recommended prioritization factors.

Additional description and discussion of all of the OTC and local C-STIP and D-STIP prioritization factors was included in both the January and February 2004 MPC packets.

TPC staff, in consultation with a consultant, rated each project’s “performance” on each of the prioritization factors as either:

- “Not supporting/not meeting” (indicated by a blank cell on the matrix)
- “Supporting/meeting” (indicated by a “+” on the matrix)
- “Strongly supporting/meeting” (indicated by a “++”)

Staff then assessed the overall performance of each project across all of the prioritization factors by adding up the plus signs, and ranked the projects accordingly. The prioritization analysis and the resulting rankings are shown in Attachments 1 and 2<sup>i</sup>. Attachment 3 shows the analysis detail for the C-STIP prioritization factors related to the OHP policies and the RTP Transportation System Improvement (TSI) policies.

### Public Involvement

Staff conducted an extensive public outreach program as part of the development of the Central Lane MPO priorities for the FY2006-2009 STIP. The primary outreach activities included:

- E-mail notices were sent to a distribution list of interested parties maintained by the MPO.
- A STIP web site was set up and maintained with current materials showing the development of the priorities and inviting public comment.
- A public workshop was scheduled and advertised in the Register-Guard.

Approximately 14 citizens attended the informal drop-in public workshop on February, with most staying at least 30 minutes and engaging the staff in discussion on the STIP priorities. In addition to extensive materials related to the development of the proposed STIP priorities, staff provided comment forms and other ways to encourage public comment. The only written comment received during the workshop came from one citizen who filled in the blank D-STIP and C-STIP “Now Tell Us How You Would Rank the Projects” forms provided by staff. These two forms are included with this memo as Attachments 4 and 5.

Subsequent to the public workshop, one additional written comment was submitted prior to the mailing date of this packet. That letter is included as attachment 6.

### 2003 Oregon Transportation Investment Act (OTIA III) Funding Priorities

In the February MPC memo on STIP priorities, staff noted that:

Although the funding levels for both C-STIP and D-STIP modernization projects are expected to be very modest, the next round of funding from the Oregon Transportation Investment Act (OTIA) is anticipated to provide a larger source of funds for modernization projects. Projects on the MPC priority list that are not selected for STIP funding could be proposed for OTIA funding at the appropriate time.

Until just recently, the timing of the OTIA funding priority-setting process was unknown. On February 27, staff was informed by ODOT that the priorities for one portion of the OTIA III funding package would be determined using the same schedule as the STIP

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<sup>i</sup> Please note that one additional project was added to the *Potential C-STIP Projects* list subsequent to the February MPC meeting and after the public workshop. Springfield staff requested the addition of the I-5/Beltline project (Environmental Assessment Phase 1 reconstruction and right-of-way purchase for EA Phases 1 and 2) to the “Greater than \$20 million” project category.

priorities. Please see Attachment 7 for additional details on the OTIA III funding allocations and schedules.

The funding in question is \$100 million (statewide) of modernization funding that will go to projects based on what is known as the regional equity split. This means that the \$100 million is divided across the five ODOT regions in the same manner that STIP highway modernization funding is divided (using a formula that considers relative population, highway miles and other factors), and then each region recommends priorities for spending their share. The Central Lane MPO is part of ODOT Region 2, which covers all of northwest Oregon from Astoria to Eugene, with the exception of the Portland metropolitan area. As a result, at the same time that the Central Lane MPO is currently determining local priorities to propose for a share of the approximately \$10 million in FY06-09 STIP modernization funding available for all of Region 2, the MPO must now also propose local priorities for sharing in approximately \$29 million of additional OTIA III modernization funding for a total of \$39 million. Both the STIP and OTIA III priorities will be discussed at a Region 2 all-region meeting on April 22. It is anticipated that the Region's top priorities will be determined at that meeting and forwarded to the OTC.

Project selection for the \$100 million of OTIA III "equitable distribution" modernization funding is subject to the same eligibility and prioritization factors as used in the current STIP priority-setting exercise, plus three additional factors. To be eligible for funding from this OTIA III source, projects must have a minimum 25 percent local match contribution, subject to a means test. ODOT has stated that the local match could include, but is not limited to, financial participation, right-of-way donation, jurisdictional transfer or other actions that would benefit ODOT or the state highway system. Two additional factors will be considered when determining priorities for this funding source: projects must be "ready for construction" and additional match over 25 percent will be a ranking factor.

Attachment 8 provides the definition of "ready for construction" and additional information related to this prioritization factor. It must be noted that ODOT has requested that this factor be considered when forwarding priorities to the April 22 Region 2 meeting and beyond, yet the rule-making process for defining "ready for construction" is still in progress and is not scheduled to result in OTC's adoption of a rule until June 2004. A public comment period on the proposed rule is scheduled to run from March 22 to May 21.

Similarly, the final decision on use of the 25 percent match requirement is still pending. ODOT has noted that the League of Oregon Cities, the Association of Oregon Counties and the Local Officials Advisory Committee, among others, have raised concerns about this requirement. ODOT has indicated that the Oregon Transportation Commission will consider a decision on this topic in April, "after the Area Commissions on Transportation have had an opportunity to comment."

TPC staff have discussed this late development regarding setting priorities for OTIA III equitable distribution funding and feel that MPC should consider, approve and forward project priorities for this funding source alongside the MPO's D-STIP and C-STIP project priorities. Fortunately, the process used for consideration of the D-STIP and C-STIP priorities also included all projects in the MPO that would be eligible for the OTIA III funding. And since the prioritization factors are largely the same for both funding sources, much of the work of determining priorities for OTIA III funding has been accomplished.

### **Recommended Central Lane FY2006-09 D-STIP & C-STIP and OTIA III Modernization Priorities**

As shown on Attachment 1, three potential D-STIP projects ranked higher than the other projects on the list. The Beltline Highway (River Road to Coburg Road) Facility Plan Study and the Interstate 5 Interchange Study – Refinement Plan Completion are both on the financially constrained RTP roadway projects capital investment list. The third project, the Interstate 5 at Coburg Interchange Environmental Assessment, was not in the MPO boundary at the time of the last update of the RTP. This project is now within the MPO boundary, is consistent with the RTP's policies, and is included in the Coburg Transportation System Plan (TSP). All three of the projects are intended to achieve identifiable D-STIP milestones. The three projects also cover a range of funding levels, and therefore allow the MPO to compete for Region 2 D-STIP funding at both the "small project" and the "large project" level. TPC unanimously recommends these three projects as the MPO's highest priorities for D-STIP funding.

Attachment 2 shows the highest-ranking C-STIP and OTIA III priorities as determined by the analysis. Due to the limited availability of STIP funds, staff recommends forwarding the two highest-ranked projects in the "Under \$10 Million" category for potential STIP modernization funding. The *6<sup>th</sup> & 7<sup>th</sup> Avenue Intersections* project is on the financially constrained RTP roadway projects capital investment list. The *W. 11<sup>th</sup> Ave.* project is on the RTP "Future" projects list. Should the *W. 11<sup>th</sup> Ave.* project be selected for FY06-09 C-STIP funding, the RTP would need to be amended to place the project on the financially constrained projects list. Again, these two projects present different funding-level requirements (approximately \$0.5 million and \$4.5 million, respectively), and thus allow the MPO to compete for funding at the Region 2 level with both a lower-cost and a somewhat higher cost project on the table. TPC unanimously recommends these two projects as the MPO's highest priorities for C-STIP funding.

The third project in the low cost category that was ranked as a "High" priority (the Beltline/Coburg Road interchange project) has already been identified as a high priority by ODOT and the OTC. The project was actually programmed and funded for \$4.1 million) in the FY2004-2007 STIP, but was "bumped," or de-funded, just prior to adoption of the FY2004-07 STIP by OTC. According to minutes of the November 17 2003 OTC meeting (emphasis added), "Commissioner Achterman commented it was important to note that several projects, three in particular, were bumped from this STIP in order to continue the Willamette Valley Rail Project. However, ODOT has given those

communities assurance that it will do everything it can to get the back projects back on. It all depends on federal funding levels." Staff recommends that this project be forwarded as one of the MPO's highest priorities, but with the notation that the project has already advanced through the MPO's, County's, ODOT Region 2's, ODOT's and OTC's previous C-STIP priority process and was identified as a high priority. Given OTC's assurance, this project should not have to again compete for priority, and it should be funded in the FY2006-2009 C-STIP without detracting from the other funding decisions to be made during that process.

Five projects are listed in the two higher cost categories shown on Attachment 2. All of these projects were considered for possible OTIA III funding. Three projects ranked higher than the other two. Of these three projects, both the *WEP Units 2-A & 2-B* project and the *I-5/Beltline* project are on the financially constrained RTP roadway projects capital investment list. The third project (*Beltline Highway, Stage 3*) is not on the RTP's financially constrained project list. TPC unanimously recommends these two projects as the MPO's highest priorities for OTIA III funding.

**Attachments:**

- Attachment 1 – Potential ODOT D-STIP Modernization Projects
- Attachment 2 – Potential ODOT C-STIP Modernization Projects
- Attachment 3 – C-STIP Prioritization Factor Analysis Detail for OHP and RTP-TSI Policies
- Attachment 4 – Citizen-submitted Comments on D-STIP Priorities
- Attachment 5 – Citizen-submitted Comments on C-STIP Priorities
- Attachment 6 – Testimony from Rob Zako, 1000 Friends of Oregon
- Attachment 7 – Memo from Bruce Warner, ODOT Director, to the Local Officials Advisory Committee re: 2003 Oregon Transportation Investment Act (HB 2041) Modernization Project Selection
- Attachment 8 – Definition and Rulemaking Timeline for "Ready for Construction"