



ConnectOregon II – 08/28/07 Update

1. General Information

a. What is *ConnectOregon*?

ConnectOregon is a lottery bond-based, initiative to invest in air, rail, marine, and transit infrastructure to ensure Oregon's transportation system is strong, diverse, and efficient.

b. Who ultimately benefits from *ConnectOregon* projects?

All Oregonians will reap the benefits from enhancing Oregon's transportation infrastructure. Residents and businesses, as well as the environment, will benefit by having a more efficient, productive transportation system that improves Oregon's business environment, ultimately leading to more jobs and a more sound economy.

c. Will *ConnectOregon* benefit only urban areas?

No. Projects in all parts of the state will be considered for funding. The *ConnectOregon* II legislation (House Bill 2278, 2007 Regular Session) requires that at least 10 percent of the funds be allocated in each of the five regions (regions are geographic groupings of counties; see www.oregon.gov/COMM/CO/Map.shtml).

2. Communications and Outreach

a. Who are some of the key stakeholders in *ConnectOregon*?

Key stakeholders include the businesses that will benefit from the projects made possible by the investments, representatives and advisory groups from the eligible transportation modes, freight shippers and carriers, municipalities, and the environmental community.

b. What communication channels will be used?

A *ConnectOregon* Web page (www.oregon.gov/COMM/CO/index.shtml) that contains background and current information is available through the ODOT Web site. Five informational meetings will be held during the application period throughout the state for all interested parties, (one meeting in each geographic region identified in the *ConnectOregon* legislation). These meetings will provide information regarding the application and application process. ODOT is also maintaining a list of individuals and groups who want to receive regular e-mail updates; information about how to get on the mailing list is on the *ConnectOregon* Web site.

c. How can applicants and other interested parties keep current on progress or changes in this program?

To receive email updates regarding the *ConnectOregon* II process please sign up for the electronic mailing at <http://listsmart.osl.state.or.us/mailman/listinfo/connectoregon-news>. The *ConnectOregon* Web site will contain updates as well as other important information. Interested parties may also contact ODOT by email at connectoregon@odot.state.or.us and ask to be added to the electronic mailing list for *ConnectOregon*. Everyone on the email list will receive notification if new frequently asked questions are added after the opening of the application period.

3. Project Eligibility

a. What considerations will be used to evaluate projects for *ConnectOregon* funds?

In selecting transportation projects, the Oregon Transportation Commission will consider the following:

- Whether a proposed transportation project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor;
- Whether a proposed transportation project results in an economic benefit to this state;
- Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system;
- How much of the cost of a proposed transportation project can be borne by the applicant for the grant or loan from any source other than the Multimodal Transportation Fund; and
- Whether a proposed transportation project is ready for construction.

b. Are projects that can be funded by fuel and motor vehicle tax revenues eligible for *ConnectOregon* funding?

No. Projects eligible for funding from revenues described in section 3a, Article IX of the Oregon Constitution, i.e., the Highway Trust Fund, are not eligible for *ConnectOregon* funding. If a highway or public road element is essential to the complete functioning of the proposed project, applicants are encouraged to work with their ODOT region, city or county to identify the necessary funding sources.

c. Can a publicly owned road be part of a *ConnectOregon* project?

Yes, but no *ConnectOregon* funds can be used for improvements that are otherwise eligible to be funded by highway fund revenues.

d. Is a project eligible if it contains an element eligible for state highway funds?

Yes. However, only project elements not eligible for state highway funds are eligible for *ConnectOregon* funding: therefore, the application should be for the other project elements. The *ConnectOregon* program encourages submission of projects that include a component connecting one mode to another.

e. The bill says “Transportation Projects” are eligible for funding. Does that include all the modes and types of projects and facilities defined in the ORS?

No. Only rail, marine, aviation, and transit projects are eligible.

f. Is dredging an eligible activity, if needed to deepen an existing port to serve larger ships?

Most dredging is considered a maintenance activity. Bonds are the source of *ConnectOregon* funds. It is generally not considered good practice to fund operations or maintenance activities with bond proceeds. The reviewing committees will consider this during project selection. To present a strong application, the applicant should demonstrate that the dredging would achieve a new depth as opposed to restoring previously reached depths.

g. Are capital equipment purchases eligible projects?

Yes.

h. Will applications be considered for a combined government and private project?

Yes. For private entities, a lien will be granted and a deed of trust (for real property) or a security agreement (for personal property) will be executed to effect such a lien.

i. May a private entity or public agency submit multiple project applications?

Yes.

j. Can applicants submit projects that are not yet fully funded?

Documentation of how the entire project will be funded must be submitted with the application. During the project selection process, ODOT anticipates the review committees will consider whether a project is ready to begin work.

4. Application Process

a. What process will be used to submit a project for *ConnectOregon II* funding?

All project applications will be submitted to ODOT. It is expected that the application period for *ConnectOregon II* will open in early September 2007 and close in late November. Interested parties should watch the ODOT Web site and add their names to the *ConnectOregon* electronic mailing list, <http://listsmart.osl.state.or.us/mailman/listinfo/connectoregon-news>.

b. Will ODOT and the Aviation Board or the Oregon Economic and Community Development Department perform an initial assessment on project applications?

Yes. ODOT and the other agencies will initially screen all projects for completeness and reasonableness.

c. Will ODOT assist applicants in the project submission process?

ODOT will not provide assistance to applicants since ODOT is administering the project selection process.

d. Should applicants obtain letters of support for their project?

Yes. Letters of support from community and business supporters as well as affected local governments or Area Commissions on Transportation will be helpful to the OTC as they make their decisions. They should be addressed to the project applicant. Letters of support and letters of intent to use the project are specifically requested in the project application.

e. Are design costs eligible for project funding?

Yes.

f. How can applicants or other interested parties follow up on a project's application status after it has been submitted?

Basic information on all projects under consideration will be posted on the *ConnectOregon* Web site.

5. Project Selection

a. What process will be used to select a project for *ConnectOregon II* funding?

The OTC will solicit project recommendations from the Oregon Aviation Board; the Freight, Public Transit and Rail Advisory Committees; the Marine Project and Planning Advisory Committee; as well as the Area Commissions on Transportation. A public hearing is planned for May 2008 where any member of the public or interested party may provide comment on *ConnectOregon* projects to the OTC before the commission makes its project selection decisions.

b. Who are the members of these designated advisory groups?

Membership lists for the designated advisory groups are maintained by several state agencies; please check the following Web sites for the membership lists for the respective advisory group:

Aviation Board, Oregon Department of Aviation <http://www.oregon.gov/Aviation/board.shtml>

Oregon Freight Advisory Committee, ODOT Freight Mobility Section
http://www.oregon.gov/ODOT/TD/FREIGHT/OFAC_Membership_List.shtml

Rail Advisory Committee ODOT Rail Division<http://www.oregon.gov/ODOT/RAIL/RailAdvisoryCommittee.shtml>**Public Transit Advisory Committee**, ODOT Public Transit Divisionhttp://www.oregon.gov/ODOT/PT/ABOUT/PTAC/next_meeting.shtml**Marine Project and Planning Advisory Committee**, Oregon Economic and Community Development Department <http://econ.oregon.gov/ECDD/boards.shtml>

Membership on some of these committees may change before the review process begins – check these sites during review for any additional information.

c. Must projects be initiated by the designated advisory groups?

No, submission of eligible projects is open to any entity whose project fits program considerations.

d. When will projects be selected?

ODOT anticipates that the OTC will approve a list of projects for funding in June 2008.

e. How will the 10 percent regional allocations be met if there are multiple project application periods?

There will be only one project selection period, during which, all \$100 million will be awarded including the 10 percent regional allocation requirement.

f. What if \$10 million worth of projects are not submitted for every region?

Given the need for transportation system improvements throughout the state, ODOT anticipates that each region will submit at least \$10 million in project requests. A delay in one of the regions will not affect progress in the others.

g. How much time will the advisory boards and committees have to evaluate applications?

ODOT expects to post information on all project applications that are found to be complete and eligible on the *ConnectOregon* Web site by early January 2008. The advisory organizations will have approximately six weeks to make project recommendations.

h. How will projects from different modes be fairly compared and evaluated?

The OTC will consider the projects that are in the best interest of the state's transportation system.

i. Are there any funds set aside for specific public entities?

No

k. Can *ConnectOregon* funds be used in combination with a variety of other funding sources to complete a project?

Yes. The funds can be used in combination with federal, state, local, and private sources to finance the project.

l. Will ODOT require a lien or other assurance of applicant/project viability?

A recorded lien will be required to protect the state's interest. This will be a component of the agreement executed between ODOT and the successful project applicant.

m. Is there a timeline in the *ConnectOregon* program that says when funds must be spent on awarded projects?

No. However, how soon a project can be constructed is one of the considerations the OTC will use to evaluate projects for funding. Once a project is selected, the agreement with ODOT will include specific dates, based on the application.

7. Loans

a. What are the loan terms, interest rate, and payback schedule on project loans?

Loan terms and conditions will be negotiated as part of the underwriting process.

b. Are loan project applications required to include matching funds?

No.

c. Are there other unique requirements for loan applications?

Yes. Loan applications must meet reasonable credit underwriting standards, including evaluation of project feasibility and risk, repayment capacity, collateral, and the applicant's fiscal performance and operational capacity to manage the project.

d. Will loans be reimbursed on the same basis as grants?

Loan agreements, including repayment schedules, will be treated on a case-by-case basis regarding disbursement and reimbursement of funds. This will be addressed in individual project contracts.

8. Project Management

a. Who will manage the physical construction of the selected projects?

The applicant is responsible for constructing its project, including obtaining all required permits and approvals.

b. How are unavoidable cost overruns to be handled?

Once a project has been selected, the applicant is responsible for completing the project as proposed for the funding provided. There is no provision for the applicant to receive additional funds if project costs are higher than estimated. The applicant will be responsible for making up any funding deficiency. If the project cannot be completed with the funds allotted, the OTC may cancel the project and award the funds to another project.

9. Multi-modal Study Fee**a. The bill says each recipient must pay a fee of two percent of the recipient's total project costs to ODOT. What is the definition of "total project costs?"**

In the proposed administrative rules, "total project costs" is defined as the funds received from the Multimodal Transportation Fund program plus the required 20 percent matching funds, if applicable. For example, a recipient approved to receive \$100,000 in grant funds is required to provide a 20 percent match, \$25,000. The "total project costs" is \$125,000. The two percent fee is \$2,500. (For the match amount, a recipient needs to use the total dollar amount. $\$100,000 / 0.80 = \$125,000$ $\$125,000 \times 0.20 = \$25,000$.)

If a recipient approved to receive \$100,000 in loan funds does not have a required match to pay, the "total project costs" is \$100,000. The two percent fee is \$2,000.

b. How will the two percent fee be paid to ODOT?

The two percent fee is an eligible project cost for *ConnectOregon* funds. As such, the agreement between the recipient and ODOT will include a provision for the fee to be paid directly to ODOT from the recipient's *ConnectOregon* funds.

c. What will the two percent fee be used for?

The Oregon Legislature established the fee and directed the department to use the funds to conduct a statewide multimodal study of the transportation system. The study will include an assessment of the infrastructure; capacity demand and constraints; development of criteria for strategic investments and return on investment; and identification of potential funding sources and strategies.