

Amendments to TRAC Policy Dated December 18, 2008

Amendment 1:

TRAC Policy dated 12/18 on Page 7

Being a Reliable Partner with Local Communities, Promoting Fiscal Responsibility, and Maximizing Public Investment

Revise section to read: Local communities take commitments by ODOT seriously, basing their local construction efforts on major transportation projects and working hard to build community support. To Make ODOT a better, more reliable partner, we must make clearer to the state's local communities our criteria for funding priority and honestly address our financial realities.

With high construction cost inflation and flat state revenues, the TRAC exceeded past policies of over-programming the major new capacity program by no more than 20 percent. The TRAC policies are renewed to strengthen programming and fiscal responsibility by taking the following actions. First, there is a change in the time horizon for Tier I from six years to four years, without disrupting current Tier I commitments. The six-year window for construction commitments was too long and contributed to the financial uncertainty for projects scheduled in the out years. Second, specifying that projects cannot move into Tier I (construction commitment) until there is ~~an approved environmental document~~ **a preferred alternative identified by ODOT**. Without ~~a preferred alternative~~ **a preferred alternative** ~~an approved environmental document~~, the ~~scope of the project~~ **scope of the project** preferred alternative and cost estimates are less than certain.

The department is committed to the preservation of its existing infrastructure by embracing a "Fix –It-First" strategy. Annually, the Director shall present to the TRAC how the preservation and maintenance of the existing system can be met with existing ODOT funds, and how much funding is available to the Major New Capacity program.

Amendment 2:

TRAC Policy dated 12/18/08 on Page 25

Arranging Projects in Tiers

After reviewing all project requests for a given year, the ODOT staff will present a draft, updated Major New Construction Program to the TRAC. The program will be divided into two categories: Tier I and Tier II.

The following definitions and policies will apply to the tiers:

Tier I – The group of projects recommended for construction during the upcoming four-year construction period. Tier I projects will exceed the funding available for new construction by no more than 20 percent over the four-year period. The 20 percent figure will provide a reserve of projects so that more projects can be ready for construction if funding exceeds projections or if scheduled projects are delayed. If the TRAC decides to over program by more than 20 percent, this higher percentage must be approved by a two-thirds majority vote.

Tier II – The group of projects funded for additional environmental, design, or right of way development activities necessary before the projects would be available for construction. Projects will reside in Tier II until a preferred alternative is identified by ODOT.

While Tier I projects are the projects selected for construction in the next four-year period, Tier II comprises the projects under development for the period beyond the current four-year planning horizon. In other words, projects in Tier II are projects under development without committed construction funding.

Tier II projects also comprise a pool of ready projects that could be accelerated should additional funding become available during the four-year period. The dollar volume of projects under development in Tier II should not exceed 100 percent of the likely funding level for an eight-year period.

Included in Tier II could be projects that are under review for feasibility but are not undergoing full-scale environmental studies or actual design. Because some project requests are only generally described and lack environmental or engineering details, some low-cost feasibility analysis may be necessary before a project can be adequately ranked. **The TRAC does not fund feasibility studies.** Projects undergoing such a feasibility study would be placed in Tier II. Subsequent analysis, however, could result in a decision not to fund the project.

By placing a project in Tier II, the TRAC is not obligated to fund that project sometime in the future. Most Tier II projects are expected to eventually be construction but it is possible that each year new, higher priority projects will be proposed. These projects could lead to the halting of work on other Tier II projects. In other words, Tier II projects are under active development by they are not guaranteed construction funding in later years. They merely are the most promising of the many projects which are not presently funded for construction.