



Oregon

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DATE: June 5, 2017

TO: Joint Committee on Transportation Preservation and Modernization

FROM: Tammy Baney, Chair
Oregon Transportation Commission

SUBJECT: House Bill 2017-3

Thank you for the opportunity to testify before you tonight. I want to begin by applauding you for your hard work and effort drafting an innovative and bold transportation proposal. It will certainly generate good debate and discussion – but most importantly, it shows your willingness to invest in our state and meet the needs of communities across our state.

Last year the Governor's Transportation Vision Panel, which I co-chaired with Gregg Kantor, toured the state hearing from Oregonians about their transportation needs. Three themes came up consistently, whether we were in the Willamette Valley, the coast, or eastern Oregon:

1. First and foremost, we need to protect our existing transportation investments. That means we must preserve and maintain our transportation system and make it seismically resilient.
2. Congestion imposes both monetary costs and human costs on businesses and people across the state.
3. Oregonians want greater state investment in public transportation in both urban and rural areas.

When this Committee followed with your statewide tour a few months later, you heard the same themes.

The OTC developed our Investment Strategy, at your request, to aid in the development of your proposal. We are pleased that your draft legislation, in turn, reflects both what you heard from Oregonians and what the Commission believes must be done to strengthen our transportation system. This is truly a historic bill, a once in a lifetime opportunity to invest in our transportation system, and generations of Oregonians will thank you for your wisdom and courage.

I want to highlight the impact this draft legislation will have in making Oregon a better place.

- By preserving our roads and bridges, we will keep Oregon's economy moving and save drivers millions of dollars in damage caused by rough roads. Since we know it costs less to keep our roads in good shape than to fix them after they have fallen apart, we'll also save money in the long run.
- It will make a significant investment in public transportation that will help take cars off the road and reduce congestion. But more importantly, it makes a difference in the lives of

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Oregonians—particularly low income workers, the elderly, and the disabled—who rely on transit to meet their daily needs.

- Investing in highway bottlenecks and multimodal freight projects will help keep goods moving from our farms, forests, and factories to markets across the world, ensuring Oregon businesses remain competitive.
- It will move Oregon toward a “user-pays” system that will support long-range investments.
- It will also increase transparency and accountability through strengthening business practices and identifying measureable outcomes and the cost benefit of investments, as well as refining role clarity to improve the alignment between the Governor’s office, the Legislature, the OTC, and ODOT.

I’d like to take some time now to speak to various elements of the bill, focusing on the OTC’s role and the accountability provisions.

Accountability

As chair of the Commission, I want you to know I support the direction on accountability. I stand ready to be a partner with you and the Governor to ensure the projects and programs you fund are delivered in an accountable, efficient, and transparent manner, and that they enhance the performance of the transportation system. If you ask taxpayers to invest more of their hard-earned money, they deserve assurance that the money will be spent wisely and efficiently.

I share your goal of providing transparency and accountability without increasing costs and bureaucracy. As we move forward, the OTC will work to identify ways to implement this bill in a way that limits the workload of our cities, counties, partner agencies as well as the agency.

Benefit Cost Analysis

I also support your direction to use benefit-cost analysis, which is an important tool to ensure that we are getting the maximum benefit from scarce resources. However, as written the benefit-cost analysis requirement has the potential to be costly and add significant time when applied to the hundreds of projects in the STIP, many of which are very small. It is difficult to compare the benefits between a new or modernized bridge – to a repaving project – to a culvert project.

The cost and time commitment could be reduced by putting a threshold on the dollar amount and/or considering the complexity of the project. *The revisions ODOT has proposed to Section 13 offers a solution that I think will meet the intent of this Committee.*

Audits

I support the direction for the Commission to be more engaged in audits of ODOT. Audits truly are a business tool that provides opportunities for efficiency in the various functions of the agency. The Commission recently developed a plan to deepen our engagement in audits. We have a member on the ODOT Audits Committee and receive all audit reports. The OTC will now provide greater input on the development of the audit plan, formally approve the final plan, receive a quarterly update on audit

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activity, and formally accept each audit. I believe these steps are sufficient to ensure accountability through engagement in audits without requiring the Commission to supervise the audit function on a day-to-day basis. *I support the revisions ODOT has proposed to Section 15 that ensure the independence of the ODOT internal auditor while providing an appropriate administrative structure.*

Similarly, I believe it would be sufficient for the Commission to report biennially to the Joint Legislative Audit Committee without a statutory requirement to appear before the Committee, which can, of course, request our presence if needed.

Continuous Improvement Advisory Committee

I also support the direction to create a Continuous Improvement Advisory Committee. As noted, ODOT has an Audit Committee that includes a member of the Commission. I recommend we look to reconfigure and expand the scope of the Audit Committee to meet the charge of the new Continuous Improvement Advisory Committee. This will ensure we are not duplicating efforts and provide a link to the critical audit function as well.

Website

I share your interest that ODOT's website provide user-friendly information on projects, system condition, audits, and other areas. An improved website will increase the public's access to information about projects, including cost, benefits, and expected completion. In fact, we have already begun discussions with the League of Oregon Cities and Association of Oregon Counties to develop a framework for the accountability information on system condition and local government spending that would be posted on this website. *I recommend a language adjustment in Section 12 to have ODOT, rather than the Commission, tasked with developing and maintaining this website as they are the owners of the data and have the resources to ensure successful development and ongoing maintenance.*

Commission Staff

While I embrace accountability, it's also important to deliver it without unnecessary costs or layers of bureaucracy. I heard this perspective from many of you during a recent discussion of the Committee. While it is valuable for the Commission to have access to staff with strategic planning and analytical capacity, this team should not be separate from the agency. I believe we are closer and more accountable to the work of this agency by having direct oversight. Creating a separate "independent" agency staff to support our work will have the unintended consequence of removing us from this oversight. I am sensitive that additional staffing layers will duplicate the work of others and add cost without commensurate value.

Conclusion

In conclusion, I want to express my confidence in the women and men of ODOT. I have seen firsthand how hard they work to deliver quality transportation projects on behalf of the people of Oregon. While the McKinsey Management Assessment found the department is fundamentally a well-performing organization, we have room to improve – and we are on our way to meeting that challenge. The Commission supports the recommendations from the management review, recognizing that it will help ODOT become a stronger organization.

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I thank you for your work and dedication to ensure Oregon has a strong transportation system that promotes healthy people, livable communities, and a strong economy. Our Commission is actively engaged in strengthening the transparency and accountability of ODOT. Together we stand ready to deliver on the proposed investments outlined in your legislation, which will ensure a safe and efficient transportation system for all Oregonians.