



# Oregon

Theodore R. Kulongoski, Governor

## Department of Transportation

Office of the Director

Room 135

355 Capitol St NE

Salem, OR 97301

**DATE:** August 11, 2010

**TO:** Oregon Transportation Commission

**FROM:** Matthew L. Garrett  
Director

**SUBJECT:** Agenda C - *ConnectOregon* III Project Selection

**Requested Action:**

Approve a request to take the following actions regarding *ConnectOregon* III and Rural Airport project selection as recommended by the Oregon Department of Transportation (ODOT) and Oregon Board of Aviation staff:

- Select as "Approved Projects" the *ConnectOregon* III Final Review Committee recommended prioritized projects, Nos. 1 through 41 to receive funding (Attachment A). The Final Review Committee recommended \$94.5 million in project funding and administrative fees plus \$3,498,227 in unspent *ConnectOregon* funds to be used to totally fund all 41 projects.
- Select as "Approved Projects" the Oregon Board of Aviation's recommended 57 prioritized projects, ranked one through seven, to receive funding (Attachment B). House Bill 2001 allocated \$5 million in Rural Airport funding. The Board of Aviation recommended \$4,478,452 in project funding and administrative expense.
- Allocate the balance of \$271,548 from the \$5 million Rural Airports allocation to a second round of Rural Airport applications in 2011.
- Require each of the 98 applicants for projects contained in Attachments A and B to sign grant agreements with ODOT within 180 days of the selection of "Approved Projects" for funding. By entering into a grant agreement with ODOT, each applicant agrees to the basic terms and conditions of the agreement, any stated special conditions, as well as the project milestones.
- If for any reason, a grant agreement with ODOT is not entered into within the prescribed 180 days, or if funds allocated to an Approved Project are not dispersed or are returned to ODOT for any reason, the Oregon Transportation Commission (OTC) will consider and may select "Replacement Projects" for subsequent assignment of the funds. In the case of Rural Airport projects, the funds will be held for a second round of applications for Rural Airport projects receiving Federal Grants as prescribed in Oregon Administrative Rule (OAR) 731-035-0040(3) and OAR 731-035-0060(12).



- The OTC may select a "Replacement Project" that is appropriate for the funds available (OAR 731-035-0070(2)) from the Final Review Committee's prioritized report. To determine the project that is most appropriate, the OTC will consider the minimum regional allocation requirement, project priority order, amount of funds available, project timelines, or other project-related information.

Staff will report to the OTC on an annual basis at a minimum, the status of funds generated by loan repayment, returned, or unspent funds from *ConnectOregon* I, II, and III. The report will include recommendations for the use of the funds.

Background:

During its July meeting, the OTC received the *ConnectOregon* III Final Review Committee's and the Board of Aviation's prioritized project lists, and heard public comments regarding the *ConnectOregon* III and Rural Airports project selection process. The *ConnectOregon* Final Review Committee recommended \$94.5 million in project funding plus \$3,498,227 in additional funds by using net bond proceeds; funds generated by loan repayment, and returned or unspent *ConnectOregon* II funds. Total proposed *ConnectOregon* III funding is \$97,998,227.34. The Board of Aviation recommended all 57 Rural Airport applications received be funded for \$4,478,452 (includes \$250,000 for ODOT contract and project administration costs over the five-year project contract term). The Multimodal Transportation Fund has monies available to meet the Final Review Committee's funding request of \$97,998,227.34 and to fund all 57 projects recommended by the Board of Aviation.

The 2010 Special Legislative Session passed Senate Bill 1019. Section 2(2) discontinues, effective December 31, 2009, the requirement that each recipient of a loan or grant from the Multimodal Transportation Fund (*ConnectOregon*) pay a fee of two percent of the recipient's total project costs to ODOT to fund a statewide multimodal study of the transportation system. No two percent fee will be collected from any *ConnectOregon* III project.

The OTC discussed the *ConnectOregon* III program and requested that staff provide additional information regarding the following five applications:

**Burns Municipal Airport**

Clarify why the City of Burns submitted a Rural Airport grant application for eighty/twenty percent funding instead of applying under the regular *ConnectOregon* III program.

The City of Burns misinterpreted an application due date reminder notice sent to all *ConnectOregon* III List Serve subscribers as saying the application due date was May 1, 2010, when in reality it was November 20, 2009. The May 1 due date was for rural airport grant applications. In late January 2010 the city became aware of the misinterpretation and requested it be permitted to submit a late application under the regular *ConnectOregon* III program. ODOT staff denied the request. As with procurement documents, if a submittal is late, it is not accepted.

ODOT and Department of Aviation staff reviewed the statutes and administrative rule relating to *ConnectOregon* and advised the Burns Airport Director that there were no restrictions in the legislation or in the administrative rule prohibiting a rural airport from applying for rural airport grant funding at eighty/twenty percent. The City of Burns subsequently submitted a rural airport grant application, and the Board of Aviation recommended it be funded at the amount requested.

**City of Brookings/Border Coast Regional Airport Authority**

This project is physically located in California. Is there legal authority to expend Oregon Multimodal Transportation Funds in a state other than Oregon?

The office of the Oregon Attorney General (AG) reviewed the legality of awarding *ConnectOregon* I, II, and III funds to projects located out-of-state. The AG determined that an out-of-state *ConnectOregon* application is eligible if it meets the considerations contained in the *ConnectOregon* legislation and administrative rule, facilitates transportation within Oregon, furthers Oregon economic development, and meets the requirements of bond funding. The AG determined a project can facilitate transportation within Oregon even if it is not physically located in Oregon. Should the legislature authorize a future *ConnectOregon* program, the OTC could revisit the administrative rules to address this issue.

Project supporting materials from the Border Coast Regional Airport Manager are included as Attachment C. The documents contain information concerning regional economic benefits, positive long-term impacts of the project, and letters of support.

**Aurora State Airport – Air Traffic Control Tower (ATCT)**

Public concern was expressed about land use considerations in conjunction with an update to the Aurora State Airport Master Plan and construction of an ATCT. Questions were asked whether award of a *ConnectOregon* III grant for construction of an ATCT should be based on the delivery of the 2010 Master Plan Update, including a requirement that all parties impacted by the Master Plan Update, be signatories on an Intergovernmental Agreement (IGA). Aviation officials anticipate the Master Plan will be completed and adopted in late 2011.

The proposed construction of an ATCT will provide improved air traffic and navigation safety at the third busiest airport in Oregon. ATCT controllers maintain separation of aircraft on the ground and in the air; and ensure safe, orderly, and expeditious air traffic flow while providing information to pilots, such as weather and navigation information. The airport supports all general aviation aircraft and accommodates corporate aviation activity, including business jets, helicopters, and other general aviation activity. Milestone schedule for construction of the ATCT is October 1, 2010, through September 30, 2012.

Construction of an ATCT at the Aurora State Airport will not change the existing land use. Extensive coordination of revisions to comprehensive plans and to state, regional, and local transportation system plans is required under Statewide Planning Goal 2 – Land Use Planning, Oregon Revised Statute Chapter 836, and OAR 660, Divisions 12 and 13 whether or not the affected parties enter into an IGA agreeing to coordinate revisions. State regulations require revised plans be consistent with the

comprehensive plans of cities and counties and that implementing measures be coordinated with the plans of affected governmental units.

**Tarr Acquisition, Application R10096 – Tarr Liquid Build Facility**

Applicant provided testimony in support of his project. The Final Review Committee ranked the Tarr Liquid Bulk Facility project application as No. 49 of 80 applications. The *ConnectOregon* Region 1 Review Committee ranked this project No. 16 of 23, Oregon Rail Advisory Committee ranked it No. 22 of 31, and Oregon Freight Advisory Committee ranked it No. 5 of 43.

**Port of Umatilla, Application R50091 – Loading Facility**

Applicant was unable to attend the July 21 *ConnectOregon* III public hearing and, as an alternative, met with the ODOT director a week before the hearing to discuss the Port of Umatilla's application and proposed project. The applicant expressed concern that the project was rated high in the region but was not recommended for funding by the Final Review Committee and that the degree of project complexity may have attributed to low rankings by other review committees. The *ConnectOregon* Region 5 Review Committee ranked this project No. 3 of 10, Oregon Rail Advisory Committee ranked it No. 24 of 29, Oregon Freight Advisory Committee ranked it No. 42 of 43, and the Final Review Committee ranked it No. 48 of 80. The applicant submitted a follow-up letter to the ODOT director.

**Next Steps:**

Upon approval, the 41 *ConnectOregon* III projects total \$97,138,884 million and the 57 Rural Airports projects total \$4,728,452. The Local Government program will begin development of the agreements.

**Attachments:**

- A. *ConnectOregon* III Final Review Committee recommended project prioritization list.
- B. Board of Aviation Rural Airports recommended project prioritization list.
- C. Project supporting materials for Rural Airport application submitted by the City of Brookings and Border Coast Regional Airport Authority.
- D. Letters of support.

**Copies (w/attachments) to:**

Jerri Bohard	Joan Plank	Patrick Cooney	Clyde Saiki
Chris Warner	Barbara Fraser	Kelly Taylor	Michael Bufalino
Marty Anderson	Teddie Baker	Alison Kelley	Carol Olsen
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