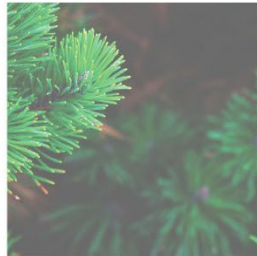
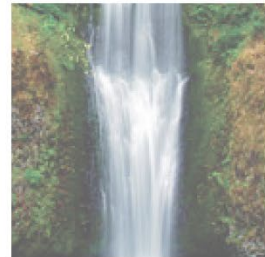
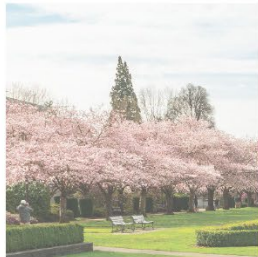
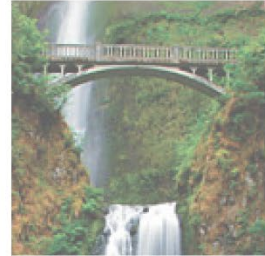
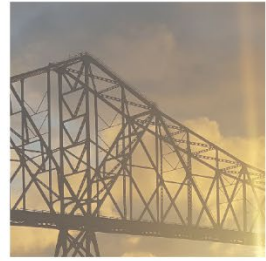




# Secretary of State Oregon Audits Division



## Oregon Department of Transportation **ODOT Effectively Implementing Two Keep Oregon Moving Programs, but Could Do More to Enhance These Efforts**

December 2018  
Report 2018-39

Secretary of State Dennis Richardson  
Audits Division Director Kip Memmott

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# Secretary of State Audit Highlights

December 2018

Oregon Department of Transportation

## ODOT Effectively Implementing Two Keep Oregon Moving Programs, but Could Do More to Enhance These Efforts

### Report Highlights

Oregon House Bill 2017 (Keep Oregon Moving) is estimated to produce \$5.2 billion in net revenue for the Oregon Department of Transportation (ODOT) to target congestion, public transportation and safety, and infrastructure repairs throughout the state. In addition to other initiatives, Keep Oregon Moving established two new programs: the Statewide Transportation Improvement Fund and Safe Routes to Schools infrastructure program. ODOT has developed and implemented frameworks to fulfill its statutory obligations for these two programs, but areas for improvement remain.

### Background

Keep Oregon Moving was passed in 2017 as a significant investment in needed improvements to the state's highway system, public transportation services, and routes for pedestrians, cyclists, and students. Its legislative intent is to increase the overall availability of public transit throughout the state, reduce congestion, increase safety, and provide public accountability. ODOT is charged with overseeing its implementation.

### Purpose

The purpose of this audit was to examine ODOT's strategic planning activities, governance approach, and control framework for implementing the state transportation investment package. The objective of the audit was to assess the accountability, equity, and transparency of the Statewide Transportation Improvement Fund (STIF) and Safe Routes to Schools (SRTS) programs established by Keep Oregon Moving. This real-time audit was conducted in alignment with our strategic focus of being timely and responsive. Real-time auditing focuses on evaluating front-end strategic planning, service delivery processes, controls, and performance measurement frameworks before or at the onset of significant program or public policy implementations by state agencies.

### Key Findings

We found ODOT has developed effective frameworks to meet its obligations for the STIF and SRTS programs. For example, ODOT developed timelines, engaged participants, and established milestones in order to meet Keep Oregon Moving requirements. However, ODOT still needs to refine the following areas:

1. The STIF and SRTS programs lack performance measures to track the success of either program.
2. The agency does not have documented internal policies and procedures for monitoring the use of STIF funds or for the review, approval, and monitoring process of submitted SRTS applications.
3. Active Transportation Liaisons, who coordinate SRTS projects within ODOT regions, need better defined expectations and job duties as they relate to administering the SRTS program.

### Recommendations

Our report includes seven recommendations for ODOT intended to enhance the efficiency and effectiveness of the STIF and SRTS programs.

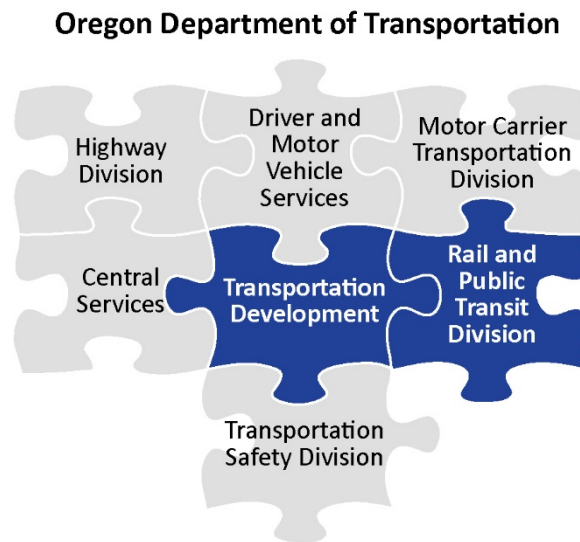
ODOT agreed with all of our recommendations. The agency's response can be found at the end of the report.

## Introduction

Keep Oregon Moving, otherwise known as House Bill 2017, was passed to fund improvement efforts targeting congestion, public transportation and safety, roads in disrepair, and decaying bridges. The Legislative Revenue Office estimates the bill will produce \$5.2 billion in net revenue for the Oregon Department of Transportation (ODOT) over its first 10 fiscal years. This revenue will provide funding for a variety of initiatives including: Safe Routes to Schools, public transit, and traffic congestion relief.

In consultation with the ODOT director, we examined three portions of the bill that ODOT is currently working toward implementing: Section 12, Public Transparency Website; Section 122, Statewide Transportation Improvement Fund (STIF); and Section 123, Safe Routes to Schools (SRTS). During the initial phase of the audit, we determined the Section 12 website program was on track to meet statutory requirements and the remaining risk was not significant enough to include its review in the audit.

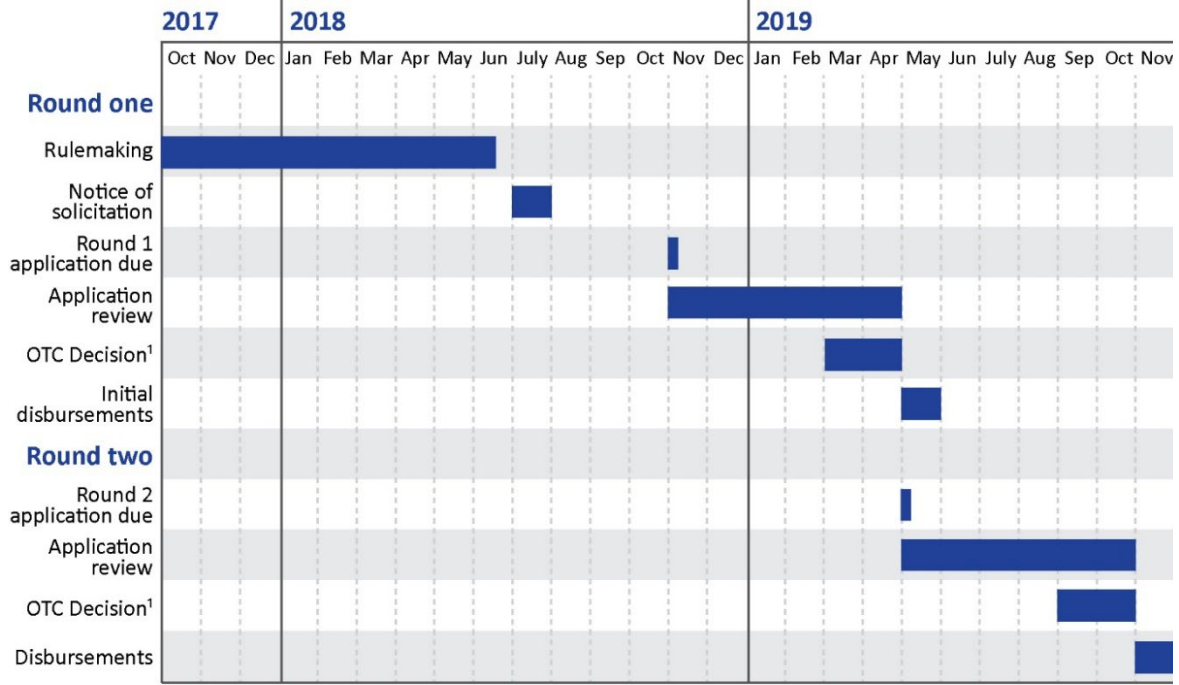
The STIF and SRTS programs are overseen by the Rail and Public Transit and Transportation Development Divisions respectively. Both divisions have deployed staff to develop rules, programs, and policies for the implementation of the programs. In addition to the dedicated program staff, ODOT staff with other areas of responsibility are assigned to support each program. The Oregon Transportation Commission has final approval authority over the STIF and SRTS programs.



We audited ODOT's implementation of these programs in real-time. Real-time auditing focuses on evaluating front-end strategic planning, service delivery processes, controls, and performance measurement frameworks before or at the onset of significant program or public policy implementations.

We provided ODOT with two interim management letters over the course of the audit to support this real-time approach (see Appendix A). The intent of these letters was to provide timely and actionable information to help address program implementation risks and challenges. As shown in Figure 1, the STIF program is anticipated to be fully operational by the end of 2019.

**Figure 1: STIF program milestones meet Keep Oregon Moving objectives**



<sup>1</sup> OTC stands for the Oregon Transportation Commission

Source: ODOT

## The Statewide Transportation Improvement Fund program aims to increase the overall availability of public transit throughout the state

Public transit service providers in Oregon operate a fleet of over 2,400 publicly-owned vehicles that provide over 130 million annual trips across the state. Approximately 900 of these vehicles are located in the Portland metropolitan area, 700 are in other urban systems, and 800 are used by rural communities. These providers offer a diverse set of services including fixed route bus service, demand response service, intercity transit, passenger rail, bus rapid transit, and light rail. Oregon’s locally operated public transportation systems include mass transit districts, transportation districts, transportation service districts, more than 200 cities and towns, unincorporated areas, and nine federally-recognized tribal areas. Passengers of the state’s largest transportation providers rode more than 600 million miles and over 120 million trips between July 1, 2016, and June 30, 2017. Their average trip length was 4.87 miles.

Transit systems in Oregon increased their ridership each year until 2012, when they had to constrict services due to reductions in local tax revenue and the exhaustion of capital reserves resulting from the recession. ODOT communicated to the Legislature that uncertain and episodic funding inhibits the ability of transit service providers to meet public demand in terms of hours of service, frequency of service, and additional routes.

The Legislature responded to these concerns by passing Keep Oregon Moving in 2017. The legislative intent of the bill was to increase the overall availability of public transit throughout the state, reduce congestion, increase safety, and provide public accountability. To enhance the reach of public transit, Section 122 of the bill established the Statewide Transportation Improvement Fund, or STIF — a dedicated source of funding for expanding public



transportation service in Oregon. ODOT's Rail and Public Transit Division was charged with developing programs and policies to implement STIF under the oversight of the Oregon Transportation Commission. The STIF program received significant input from the STIF Rules Advisory Committee, public transportation providers, and other stakeholders.



Source: Steve Morgan, via Wikimedia Commons

ODOT estimates Keep Oregon Moving will generate approximately \$90 million per year for better public transportation through a new payroll tax. This funding will be available to 42 qualified entities. Per Oregon Administrative Rule,<sup>1</sup> qualified entities include mass transit districts, transportation districts, counties with no mass transit or a transportation district, and federally-recognized tribes (see Appendix B for a full list of qualified entities). Funds will be allocated across four STIF programs:

- **Formula program:** 90% of STIF funds will be distributed to qualified entities based on payroll taxes paid within their geographic area, with a minimum amount of \$100,000 per year to each qualified entity.
- **Discretionary program:** 5% of STIF funds will be awarded to eligible public transportation service providers based on a competitive grant process.
- **Intercommunity discretionary program:** 4% of STIF funds will be used to improve public transportation between two or more communities based on a competitive grant process.
- **Technical resource center:** ODOT will use the remaining 1% of STIF funds to create a statewide resource center to assist public transportation providers in rural areas with training, planning, and information technology, and to fund ODOT's administration of STIF.

## The Safe Routes to Schools program provides infrastructure funding to improve the safety of students walking or riding to school



Nationally, safety issues are a big concern for parents, who consistently cite traffic danger as a reason why their children are unable to bicycle or walk to school. The Safe Routes to Schools program (SRTS) began as a federal initiative to make walking and bicycling to school a safe and routine activity by addressing issues of traffic congestion, air quality, and pedestrian and bicycle safety. It also aimed to reduce the risk of health problems, such as obesity, diabetes, and cardiovascular disease by encouraging

physical activity. Beginning in 2005, the federal government made funding available for a wide variety of programs and projects, from building safer street crossings to establishing programs that encourage children and their parents to walk and bicycle to school.

Oregon established a SRTS program in 2005 to take advantage of this new federal funding. In 2012, federal SRTS funds were consolidated with other transportation funds into a more general Transportation Alternatives Program. Although federal funds are no longer dedicated explicitly

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<sup>1</sup> Oregon Administrative Rule Chapter 732, Division 040.

to the SRTS infrastructure program, a variety of federal, state and local funding sources are available for projects to improve student transportation safety.

With the passage of Keep Oregon Moving, the Legislature dedicated a portion of the State Highway Fund to provide matching grants for safety improvement infrastructure projects to reduce barriers and hazards to children walking or bicycling to and from school.

Research by the Safe Routes to School National Partnership shows that programs are more effective when infrastructure and non-infrastructure activities are coordinated.<sup>2</sup> Because the new program follows rules for state highway funds, infrastructure grants under the new program can only be used for projects within the road right of way. However, ODOT has a separate division that supports education and encouragement programs in local communities. Other agencies, such as the Oregon Department of Education, have non-infrastructure funds available as well. A group that includes representatives from both ODOT and the Oregon Department of Education is looking at how SRTS infrastructure funds might help reduce chronic absenteeism.



Source: Margo Wright

Funding for the SRTS program is available to cities, counties, tribes, transit districts, ODOT, and other road authorities. This funding is divided among three programs:

- **Competitive grant program:** At least 87.5% of SRTS funds will be available for infrastructure projects, ranging from \$60,000 to \$2 million, to reduce barriers for children walking or biking within one mile of a school.
- **Rapid response grant program:** Up to 10% of SRTS funds will be used for projects under \$500,000 that address urgent needs or systemic safety issues. This program will run in between competitive program grant cycles.
- **Project identification grant program:** 2.5% of SRTS funds will help communities identify projects that will lead to eventual construction.

An initial \$18.3 million is expected to be made available in the next biennium with increased funding to be made available thereafter. See Figure 2 for more detail.

**Figure 2: Approximately \$78.3 million will be available through 2024**

	Competitive Grant Program	Rapid Response Program	Project Identification Program	Total
<b>2019-20</b>	\$16 million	\$1.8 million	\$500,000	\$18.3 million
<b>2021-22</b>	\$26.25 million	\$3 million	\$750,000	\$30 million
<b>2023-24</b>	\$26.25 million	\$3 million	\$750,000	\$30 million
<b>Total</b>	\$68.5 million	\$7.8 million	\$2 million	\$78.3 million

Source: ODOT

<sup>2</sup> "Making the Most of Non-Infrastructure Safe Routes to School Funds" Safe Routes to School National Partnership, November 3, 2009.

Applicants for the competitive grant program are required to provide matching funds of at least 40% of the total project costs, excluding education and outreach efforts. The match requirement can be reduced to 20% of the total project costs when one or more of the following occur:

- The school is located in a city with a population of 5,000 or fewer;
- The project reduces hazards within a school safety corridor; or
- The school site qualifies as a Title I School.

Applications can be submitted on behalf of cities, counties, tribes, transit districts, other road authorities, and ODOT. While schools are not included in the list of eligible applicants, consultation with schools that will be affected by the new infrastructure is part of the application requirements.

From June to August 2018, ODOT reached over 400 potential applicants to provide information about available funds. This included in-person workshops throughout the state, webinars conducted by a staff member hired to implement the new program, and direct contact through coordinators in each of ODOT's five regions.

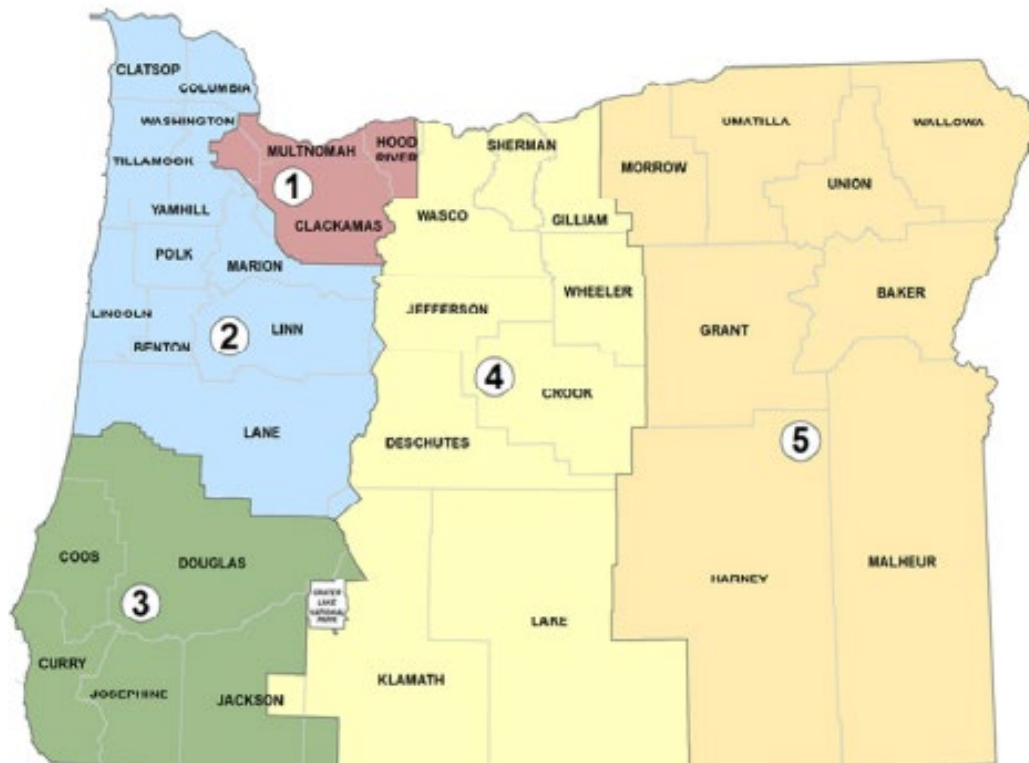
Each region (illustrated in Figure 3) has an Active Transportation Liaison who engages with local communities for active transportation projects, and who helps plan and execute projects on the state highway system within their own region, including some SRTS projects. Two liaisons also hold other roles within their regions, such as planning manager.

**School Safety Corridor:**

An area with high-risk factors that are known to impact safety. Either the posted speed or the 85th percentile speed is 40 miles per hour or greater, or two or more of the following exist:

- The speed limit is 30 miles per hour or greater;
- The area has more than two lanes or a crossing distance greater than 30 feet;
- The area has 12,000 or greater annual average daily vehicle traffic; and
- The area has a demonstrated history of crashes related to school traffic.

**Figure 3: ODOT divides operations into five regions**



Source: ODOT



# Objective, Scope, and Methodology

## Objective

The objective of this audit was to assess the accountability, equity, and transparency of the STIF and SRTS programs.

## Scope

The audit scope focused on STIF and SRTS implementation activities at ODOT between April and October 2018. We audited ODOT's implementation of these programs in real-time.

While the intent of real-time audits is to provide assurance, they are based on the status of project implementation at the conclusion of the audit. Implementation of these program enhancements are ongoing and critical elements still need to be developed or refined. As such, audit findings and conclusions herein are made within this context.

## Methodology

To address our objective, we used a methodology that included, but was not limited to: conducting interviews, observing planning sessions, and reviewing documentation.

We conducted interviews with the director of ODOT, members of the Oregon Legislature who helped draft the relevant sections of Keep Oregon Moving, and ODOT managers and staff responsible for implementing the STIF and SRTS programs. To learn about the views, opinions, and perspectives of major stakeholders, we requested interviews with all 42 qualified entities eligible to receive STIF funds and were able to interview representatives for 36 during the course of the audit. In addition, we interviewed an Oregon Department of Education official who is working collaboratively with the SRTS program staff to address causes of chronic absenteeism.

We reviewed Oregon state laws, administrative rules, and prior Oregon Audits Division reports related to transportation. We also requested and reviewed available documentation from the ODOT divisions responsible for implementing the STIF and SRTS programs. Documentation included process maps, public guidance, an internal scoring guide, public comments, submitted letters of intent, and written policies and procedures.

To gain an understanding of best practices for the SRTS program, we reviewed research and guidance from the federal SRTS program, research conducted in other states, and information from the ODOT division that provides grants to a related education and advocacy program.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of ODOT during the course of this audit.

## Audit Results

We found the implementation of the STIF and SRTS programs appears to be on track in accordance with statute. The agency's governance and oversight framework for these Keep Oregon Moving programs has generally been effective in meeting legislative intent. ODOT is developing and implementing frameworks to fulfill statutory obligations for these two programs.

Additional project management efforts, however, are needed to address potential risks. Action is required to clearly define performance measures and documenting new program operating procedures will help minimize risks and optimize outcomes.

### **ODOT is effectively implementing core components of the STIF program; some work still needs to be done to establish performance measures**

Though hailed as a landmark legislative achievement, Keep Oregon Moving contains statutory requirements that will require careful management by ODOT to meet program objectives within short implementation timelines. A dedicated team within the Rail and Public Transit Division of ODOT is standing up the STIF program in order to effectively meet legislative intent and disburse funds to transit providers statewide.

Although the program appears on track, we identified two risks that may impact the program's ability to meet its objectives. The STIF team needs to improve documented monitoring guidelines and establish internal performance measures. In the short-term, the STIF team will use the proposed legislative Key Performance Measure of per capita transit rides; however, they do not have specific targets for these measures. The STIF team expects to use additional performance measures outlined in the recently adopted Oregon Public Transportation Plan.

#### ***ODOT is utilizing a dedicated team to effectively stand up the STIF program***

Over the course of the audit, we interviewed representatives from 36 of the 42 qualified entities eligible to receive STIF funds. They all noted ODOT staff helped them prepare to meet the requirements necessary to apply for the STIF program. Specifically, entities commonly cited ODOT's guidance defining a "high percentage of low-income households" as important. We noted that ODOT prepared guidance to clarify the meaning of this phrase and other STIF requirements, and communicated it online through trainings and webinars.



Source: Rogue Valley Transportation District, via Wikimedia Commons

The STIF team also determined that preliminary Legislative Fiscal Office estimates of Keep Oregon Moving revenue were optimistic and instead opted to use updated internal estimates. Upon our review, ODOT appears to be using adequate estimates of potential STIF revenue and associated disbursements to qualified entities.

Program administrative rules were accepted by the Oregon Transportation Commission on June 22, 2018.

#### ***ODOT still needs to develop documentation to monitor STIF funds***

Statute requires ODOT to disburse formula funds to qualified entities upfront rather than as a reimbursement for completed work. As a result, misuse of funds may occur. Recognizing this limitation, ODOT collaborated with the Oregon Transportation Commission and STIF Rules Advisory Committee to incorporate accountability measures within the program rules. Such measures include requiring qualified entities to submit the results of financial audits related to

the STIF funds, undergo periodic on-site compliance reviews to confirm adequate internal controls, and provide quarterly progress reports to ODOT that detail actual expenditures and outcomes achieved.

Despite these accountability measures, statute does not include a method to recapture formula funds that are found to be misused. The statute does permit ODOT to withhold future formula fund disbursements to entities that misuse funds or otherwise do not meet program requirements. However, we found the agency currently does not have documented operating procedures for withholding future program payments and for the review of quarterly expenditure progress reports previously noted. Per the Oregon Accounting Manual, policies and procedures are an important control activity to help ensure management directives are carried out.

### ***Performance metrics need to be developed to assess effectiveness of transit program enhancements***

Legislatively required Key Performance Measures exist for ODOT as a whole and for public transportation. The most relevant of these, with respect to the STIF program, are the portion of vehicles that exceed useful life and the number of transit rides each year per senior and disabled Oregonian. However, these measures do not capture whether the agency is meeting the legislative intent of the STIF program. Guidance from the Performance Management Institute states that effective governance and management oversight requires clearly defined performance measures to minimize risks and optimize outcomes.<sup>3</sup>

ODOT has yet to establish specific performance measures for the STIF program and can benefit from the information and expertise available through the state’s public transit service providers. Leading practices from TriMet, for example, which is Oregon’s largest provider servicing the Portland metropolitan area, may offer the agency guidance on the creation of STIF-specific metrics.

For example, a metric to track the number of rides would help ODOT ensure this funding meets the legislative intent of Keep Oregon Moving by demonstrating a quantitative increase in ridership, connectivity, and availability of public transportation.

#### **TriMet STIF Performance Measures**

- Number of rides, number of vehicle hours, cost per ride, and rides per vehicle for:
  - New bus / rail service
  - Low-income fare enrollees
  - Regional coordination
  - Student and senior
- Number of new buses deployed
- Number of new bus stop amenities installed
- Number of new projects built

### **ODOT is effectively implementing critical components of the SRTS program; some activities still need to be completed to ensure consistency**

The intent of the SRTS program is for ODOT to distribute funds for infrastructure projects that address the needs of students who walk and bicycle to school. To achieve this, Keep Oregon Moving dedicated funds to support the SRTS program. However, the annual allocation to the fund falls far short in addressing the infrastructure needs throughout the state. While ODOT is on track to meet program implementation deadlines, the SRTS team can do more to ensure that the program meets legislative intent, promotes accountability, and supports continuous improvement efforts.

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<sup>3</sup> Governance of Portfolios, Programs, and Projects: A Practical Guide, 2016.

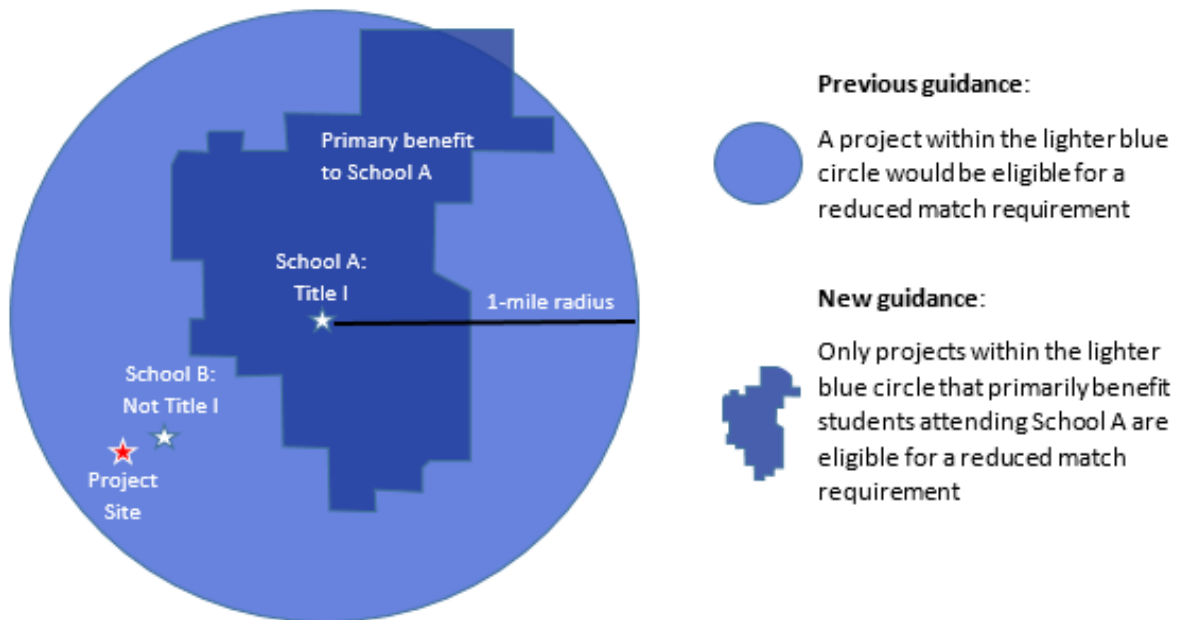
## ***ODOT is largely prepared to implement the SRTS program***

The SRTS team has taken many steps to ensure the program's success. The statewide coordinator and regional liaisons have provided substantial information to local communities in a short amount of time and they have received many applications for the first round of funding. Using a two-stage submission process allowed them to give feedback on potential projects before applications were due, gave ODOT a sense of how many projects to expect, and offered an opportunity to identify possible issues that applicants may not have considered, such as drainage and utility issues. The team's plan for scoring and prioritizing the projects was approved by the Oregon Transportation Commission, which will have final authority over which projects are approved.

The SRTS program is focusing on applicants from Title I schools in the first funding cycle by weighing Title I status as the highest priority category. Other factors that will give applications high priority are safety risk factors, project readiness, and whether the school serves elementary or middle school students. The SRTS team will give the next priority to projects within close proximity to schools and those that have a demonstrated benefit to students from two or more schools. Some weight will also be given to projects associated with a school that has a past, current, or planned future SRTS education and encouragement program, although this will be given less weight than other factors.

SRTS staff have been responsive to feedback as they have prepared to receive applications. During this audit, we noted SRTS application guidance stated that projects needed only to be within one mile of a Title I school to be eligible for a reduced match requirement. Such a policy could approve a reduced match requirement for any project within one mile of a Title I school even when the project may not directly benefit students of the Title I school (see the lighter blue area in Figure 4). After auditors communicated this to the SRTS coordinator, the team subsequently updated the guidance to reflect that reduced match eligibility applies only to projects that are both within one mile of a Title I school and also primarily benefiting students who attend that school (see the darker blue boundary in Figure 4).

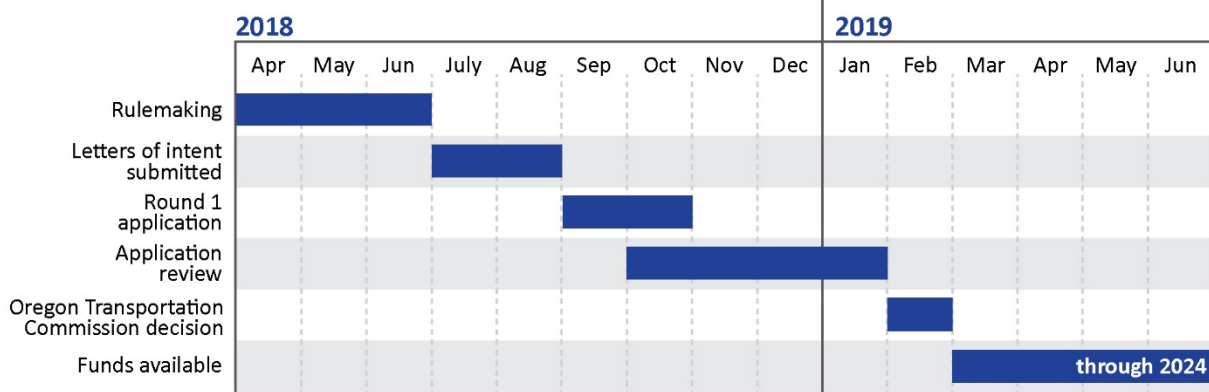
**Figure 4: ODOT staff updated SRTS guidance after real-time feedback from the audit team**



The SRTS program appears poised to meet requirements established in Keep Oregon Moving, as depicted in Figure 5. ODOT completed the public rulemaking comment period on May 31, 2018. To be eligible to apply, an applicant must first have submitted a letter of intent. ODOT received

142 letters of intent during the submittal period. The program closed the period to receive letters of intent on August 31, 2018, and the period to receive applications on October 15, 2018. Although the program appears on track, we identified several risks that may impact the program’s ability to meet its objectives.

**Figure 5: SRTS program milestones meet Keep Oregon Moving objectives**



Source: ODOT

***ODOT needs a consistent selection process to promote transparency and fairness***

ODOT needs to ensure its internal procedures for deciding which applicants receive SRTS grants are transparent and fair. This is important for three reasons:

- The program is highly competitive. ODOT received 112 applications for projects totaling over \$84 million — more than five times the \$16 million in funding available in the first cycle.
- ODOT is both the administrator of the funds and an applicant. Agency staff requested \$11.9 million for projects tied to state highways.
- The selection process could result in regional disparities in school safety upgrades. Applications are generally balanced across Oregon, but underfunded rural communities could find it more difficult to compete and win the grant awards.

**Considerations for competitive application process.** Coordinators from most regions told us they have completed a needs inventory that guided their decisions about which projects to apply for; ODOT further indicated the agency intentionally limited the number of ODOT-initiated applications in the first funding cycle so that they would not overwhelm the applicant pool. Despite this intentional limitation, the applications submitted by coordinators in the five ODOT regions total almost \$12 million. While this represents only 14% of overall requested SRTS funding, it is approximately 74% percent of the available funding. In an effort to further reduce ODOT’s impact on available SRTS funding, most ODOT applications include matching funds of 40%, meaning the agency would take on a greater share of the project costs, even if the project would qualify for a lower 20% match.

Currently, ODOT has guidance publicly available that lays out what criteria will be used to prioritize applications, but does not have written internal policies to ensure the process does not unfairly advantage ODOT applications over those submitted by external partners. ODOT staff we interviewed were aware of this risk and expressed a desire to work collaboratively with local agencies to avoid this conflict. The SRTS program coordinator told us ODOT is developing a comprehensive manual to guide

**Requests for competitive grants exceed available funds**

Funding available in first cycle: **\$16 million**

Funding requested for all projects: **\$84.1 million**

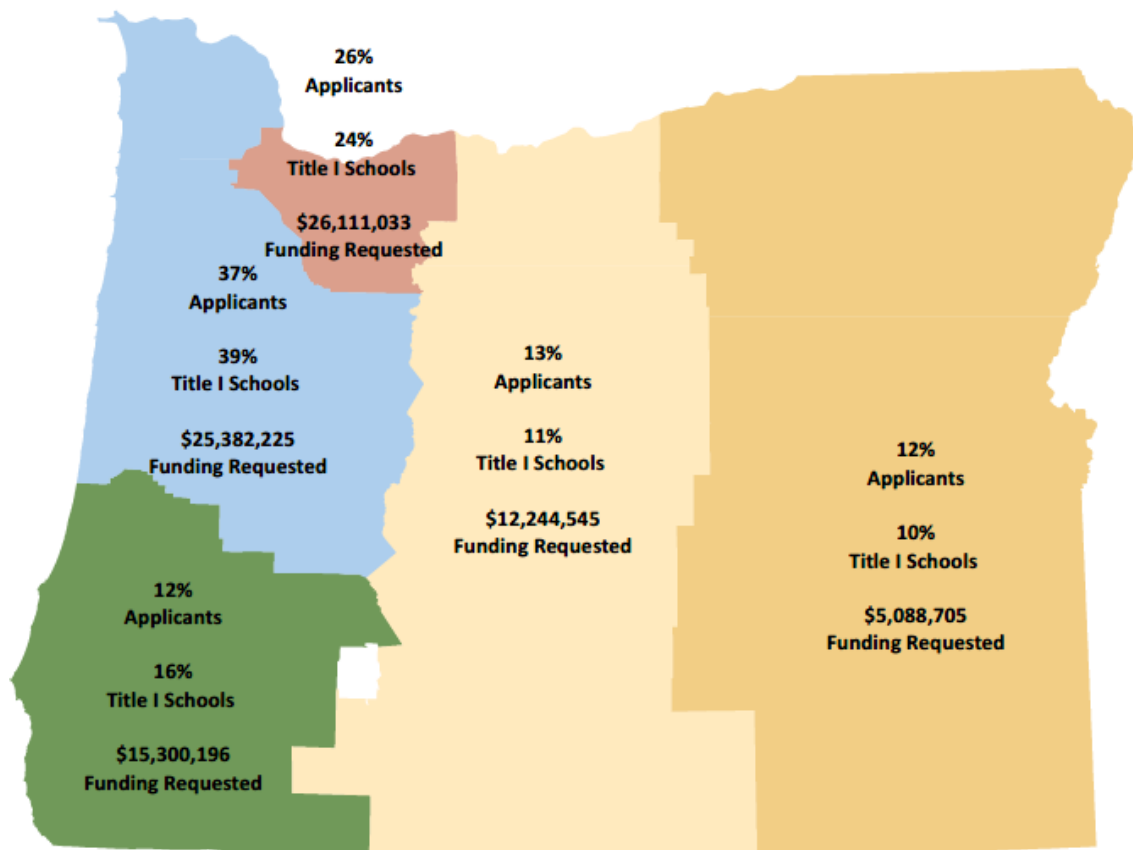
Funding requested for ODOT projects: **\$11.9 million**



internal operations, but it is not expected to be finished until 2019, after the first funding cycle has concluded.

**Risk of perceived disparity.** The number of applications submitted are nearly in proportion to the number of Title I schools within each region, as shown in Figure 6. It is possible that decisions on which applications to prioritize could introduce disproportionality. If this occurs, it would benefit ODOT to be able to demonstrate that applicants from each region had equal opportunities to request the funds, and that ODOT provided support where needed to applicants with fewer resources.

Figure 6: Applications are close in proportion to the number of Title I schools by region



Source: ODOT

Applicants and potential applicants throughout the state have different capacities to carry out infrastructure projects, in part due to varying levels of resources available at the town or city level. During our interviews, we heard a concern about the statutory requirement that applicants provide matching funds of at least 20% of the project cost. For many smaller communities with few resources, this can represent a significant barrier to accessing these grant funds. The match requirement for some prior federal SRTS projects was 10.27% — even then, some communities had difficulties finding matching funds.

The SRTS program is designed to improve safety for children walking and biking to and from school. However, because some schools that need the program are in cities without many resources, they may not benefit the way the Legislature intended. This could have the effect of exacerbating existing regional resource inequalities. One Active Transportation Liaison told us it would be concerning if small communities in more rural regions are passed over year after year.

Active Transportation Liaisons may have some ability to help provide additional support to cities that may not have full-time planners, for example, by answering questions about project feasibility or participating in site reviews for local projects. ODOT has not decided what role liaisons will have after projects have been approved to receive funds.

***The SRTS program needs to document procedures to identify red flags and verify application information***

SRTS projects may be delayed or cancelled because some applicants have not considered all possible issues they will need to address. For example, SRTS projects may be affected by unforeseen drainage or utility concerns that can add time and cost to the project. Projects that are started but not completed do not make the best use of limited program funds, and projects that are delayed may leave students without safe routes to travel to and from school.

ODOT staff expressed concern about their ability to identify red flags early in the process, which would alert them if an applicant had failed to consider potentially significant issues. For the first funding cycle, the SRTS team will look for possible areas of concern in submitted applications. This may include review by Active Transportation Liaisons or staff with relevant expertise. Because this is a newly developed program, we were not able to test how well their process identifies and avoids readiness issues. However, we were able to review past ODOT efforts in other similar areas. The SRTS team intends to use past application review processes as a model for this program.

We reviewed applications for approved Bicycle and Pedestrian Program projects from the past 12 years. Although we were only able to review partial information, we looked at the applications and scoring forms for 11 projects that had been completed, and the applications or finalized intergovernmental agreements for four projects that had been cancelled or delayed.

We found scoring sheets were used inconsistently over time, and one cancelled project suffered significant delays after the applicant requested a revision to their project's scope. The revision was ultimately denied by ODOT after a period of negotiation. In that project, the revised scope was necessary in part because the sidewalks the applicant wanted to install did not meet drainage requirements. The SRTS team has built some safeguards into their application scoring template and guidance to trigger additional review. Application scoring will occur after the conclusion of this audit, so we were not able to determine whether these efforts will be effective.

In addition to procedures to identify red flags, the SRTS team needs to document policies for verifying information submitted by program applicants. Currently, the application process allows applicants to self-certify eligibility for a lower match requirement, and the SRTS team should document their process for mitigating this risk.

Additionally, applications that are submitted through an online form do not constrain some fields to prevent entry errors. For example, applicants are required to submit both the amount of requested funds and the amount of funds they will provide as a local match. The applicant also separately calculates and enters the percentage of match they will provide. This percentage calculation should be automated, rather than manually entered by the applicant, to avoid improper match calculations. The SRTS team should also document their procedure to verify that information is correct before they prioritize applications for approval.

***ODOT needs to develop performance metrics to assess the SRTS program effectiveness***

There are no documented performance measures for the SRTS program. As noted previously, guidance from the Performance Management Institute states that effective governance and management oversight should have clearly defined metrics to minimize risks and optimize outcomes. In the short-term, SRTS program staff plan to look at project completion. However, they do not have a target for this measure. Staff may need to wait as long as five years to collect

information given the time applicants have to complete approved projects. The SRTS team expects the advisory committee to consider whether additional measures related to desired behavior changes, such as more walking and biking, would be appropriate.

Some potential SRTS performance measures would require ODOT to collect data they currently do not have resources allocated to gather. During interviews, we learned current SRTS staffing is too limited to conduct a statewide study to collect baseline data that can be used to evaluate the success of the program.

ODOT management and the SRTS team should develop indicators of program success and collect data to measure it. On this point, ODOT may benefit from initiatives with other agencies. ODOT's partnership with the Oregon Department of Education is one example. The department could help ODOT collect information from schools, parents, and students on where the need is and what they would consider to be measures of success.

## Recommendations

In order to structure the STIF program for continuous improvement, ODOT should move forward with its plans to:

1. Document internal procedures that detail the process for reviewing quarterly project expenditure reports from each qualified entity and communicate those procedures to staff responsible for performing those duties.
2. Establish and document performance measures for the STIF program, such as number of rides, cost per ride, and rides per vehicle. Communicate the performance measures to regional staff, project management, ODOT leadership, and the Oregon Joint Legislative Committee on Transportation.

In order to structure the SRTS program for continuous improvement, ODOT should:

3. Document policies and procedures to guide the approval, review, and monitoring process of submitted SRTS applications that address how staff should:
  - a. Maintain neutrality between ODOT applications and those submitted by external partners; and
  - b. Verify information submitted by program applicants.
4. Train staff who will score and prioritize applications so that scoring is consistently applied among applications.
5. Create and communicate well-defined expectations and job duties for Active Transportation Liaisons as they relate to administering the SRTS program including:
  - a. The level of outreach liaisons should provide throughout their regions;
  - b. The support community partners can request from liaisons; and
  - c. The role of liaisons after SRTS projects have been approved.
6. Automate some aspects of the application to reduce human error, such as calculation of local match percentage.
7. Establish performance measures for the SRTS program such as rates of walking and biking to school and communicate program targets to Active Transportation Liaisons and external partners.

# Appendix A

## Office of the Secretary of State

Dennis Richardson  
Secretary of State

Leslie Cummings, Ph.D.  
Deputy Secretary of State



## Audits Division

Kip R. Memmott, MA, CGAP, CRMA  
Director

255 Capitol St. NE, Suite 500  
Salem, OR 97310

(503) 986-2255

July 5, 2018

Matthew Garrett, Director  
Oregon Department of Transportation  
355 Capitol St NE  
Salem, Oregon 97301

Dear Director Garrett:

As you are aware the Oregon Secretary of State's Audits Division is engaged in a real-time audit of the Oregon Department of Transportation's (ODOT) implementation of Keep Oregon Moving (HB 2017) requirements. Specifically, we have focused our efforts on assessing ODOT implementation efforts related to Sections 11 & 12 (Website), 122 (Transit), and 123 (Safe Routes to Schools) of HB 2017. In alignment with the intent of our real-time audit program, we are providing this interim letter to summarize key information related to the implementation of these sections so that, where appropriate, your agency can take action to address identified risks and issues prior to the completion of the audit project.

### **Public transparency website on track to meet HB 2017 requirements but ODOT faces data integrity challenges**

The ODOT Transparency, Accountability, and Performance Website (TAP) team assembled a cross-functional group of professionals to deliver the project as prescribed by HB 2017. Specifically, the TAP team has implemented a functional project tracking website and created a comprehensive plan to complete the project in a manner that appears consistent with HB 2017 requirements.

Although ODOT is currently on track to complete the project in compliance with HB 2017 requirements, a risk exists that information presented on the website may be inaccurate. Specifically, HB 2017 requires cities and counties to submit reports covering the condition of transportation infrastructure. This information must be posted on the TAP website for public consumption; however, ODOT does not plan to independently verify city and county infrastructure reporting. In addition, TAP project-related information is manually input, increasing risks for input errors.

### **Transit program management on track to meet requirements but risks remain**

The ODOT Transit program team appears to have effectively coordinated efforts across agencies, geographic regions, and interally to meet HB 2017 requirements. Further, ODOT estimates related to potential Statewide Transportation Investment Fund (STIF) revenue and associated disbursements to Qualified Entities appears adequate. In addition, program



administrative rules were accepted by the Oregon Transportation Commission on June 22, 2018 and are compliant with HB 2017 requirements.

However, we identified two risks within the current STIF program. First, a risk exists that Qualified Entities will receive disbursements prior to completion of work. As a result, misuse of funds may occur. Second, there is a risk that ODOT outreach to Qualified Entities may not be adequate. For example, one of four Qualified Entities we interviewed was not aware of the STIF program. Qualified Entities not adequately informed of program requirements may fail to receive transit funds that might otherwise benefit the residents of that region and result in inequities between communities.

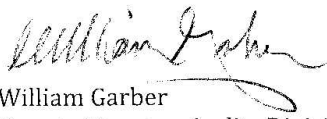
**Safe Routes to Schools program addresses equity issues yet readiness risks remain**

The Safe Routes to Schools program appears poised to meet HB 2017 requirements. The public rulemaking comment period was completed on May 31, 2018. Additionally, the project team continues to communicate with potential program recipients by holding a series of statewide workshops and webinars. In an effort to address equity issues arising from the finite funding and competitive grant process, the Safe Routes to Schools program is focusing on applicants from Title I schools in the first funding cycle.

Although, the program appears on track to meet HB 2017 requirements, we identified two risks that may impact the program's ability to meet objectives. First, the application process allows applicants to self-certify eligibility for a lower match requirement. The Safe Routes to Schools team has documented a risk mitigation process to reduce the likelihood that an incorrect self-certification is approved. There is also a risk that applicants may not be ready to receive funding. For example, applicants may not have properly identified drainage or utility issues that impact project cost.

We hope you find value in this interim communication. We appreciate your staff's time and collaboration during this audit. We may submit additional interim letters to provide you with real-time assurance and risk identification information. If you have any questions, please contact me at (503) 986-6442.

Sincerely,  
Oregon Audits Division



William Garber  
Deputy Director, Audits Division  
Oregon Secretary of State



July 18, 2018

William Garber, Deputy Director  
Secretary of State, Audits Division  
255 Capitol St. NE, Suite 500  
Salem, OR 97310

Dear Mr. Garber:

This letter provides written response to the Audits Division's interim letter regarding the real-time audit of the Oregon Department of Transportation's (ODOT) implementation of Keep Oregon Moving (HB 2017) requirements. Specifically, the audit team engaged with ODOT staff to assess the ongoing implementation of the following:

- Transparency, Accountability and Performance (TAP) website (Sections 11 and 12)
- Statewide Transportation Improvement Fund program (Section 122)
- Safe Routes to Schools program (Section 123)

The interim letter provides key information related to potential risks identified by the audit team thus far and is beneficial to our ongoing effort to successfully implement the requirements of HB 2017. We appreciate this helpful feedback as we continue our implementation efforts. Below is our detailed response to each of the identified risks and issues in the interim letter which includes additional information and context regarding the roles of ODOT and our partner organizations as well as the mitigation strategies in place to address these risks.

#### **Transparency, Accountability and Performance Website**

*Public transparency website on track to meet HB 2017 requirements but ODOT faces data integrity challenges*

Two concerns were raised regarding the information and reports that will be posted and/or made available for public consumption on the new ODOT Transparency, Accountability and Performance (TAP) website.

- *Without ODOT independently verifying city and county infrastructure reporting, information presented on the website may be inaccurate*

Section 11 of HB 2017 calls for counties and cities to submit reports about their pavement and bridges to ODOT and for ODOT to post submitted reports online. The legislation also requires the OTC to develop a set of uniform conditions and standardized reporting. To that end, in March 2018, the OTC adopted uniform conditions developed by ODOT staff, the Association of Oregon Counties (AOC), and the League of Oregon Cities (LOC). These uniform conditions will be used by cities and counties when collecting information regarding their pavement and bridges and ODOT has provided easy-to-follow guidance to local governments on how to collect condition information to ensure consistency across submitted reports. Additionally, ODOT staff will be working with cities and counties to test online reporting forms to ensure potential system errors are mitigated prior to full deployment of the online tool.

July 18, 2018

Although ODOT will not be independently verifying the reported infrastructure conditions, cities and counties will verify bridge condition data, and AOC has agreed to spot-check pavement conditions for possible discrepancies. Section 11 also requires the OTC to periodically review submitted reports, post that review on the TAP website and submit an aggregated report to the legislature regarding the conditions of transportation infrastructure statewide. The periodic review and statewide reporting will show data trends and highlight anomalies in the data that warrant further investigation.

- *Increased risk of inaccurate information due to manual process for inputting information*

The second issue raised in the letter refers to construction project information contained in the ODOT Project Tracker Map (on the TAP website). As a point of clarification, construction information related to transportation projects is automatically fed into the Project Tracker Map from various ODOT databases. Although the information in those databases is manually entered, ODOT is committed to maintaining diligence in setting proper controls and procedures related to data integrity. Data is entered by highly trained staff and is reviewed regularly for accuracy. In an effort to preempt discrepancies and improve the overall quality of data entry, ODOT requested and received position authorization to hire a quality assurance specialist this biennium. This position will be dedicated to identifying and resolving issues related to data entry processes.

#### **Statewide Transportation Improvement Fund Program**

*Transit program management on track to meet requirement but risks remain*

- *Qualified Entities will receive disbursements prior to completion of work, which may result in misuse of funds*

ODOT prefers to distribute transit funding to local agencies using reimbursable grant agreements which allow for reimbursement of eligible expenditures once work has been completed and supporting documentation has been submitted by transit providers to request reimbursement.

Under Section 122 of HB 2017, Qualified Entities are required to prepare and submit a public transportation improvement plan (STIF plan) for OTC review and approval. Once the Commission approves a STIF plan ODOT must distribute the STIF Formula Fund moneys in accordance with the directives of the statute. After consulting with the Department of Justice during the formal rule-making process, it was determined that ODOT does not have statutory authority to make STIF Formula Fund allocations contingent upon completion of work or any other condition for that matter.

Recognizing this statutory limitation, ODOT worked in collaboration with the Rules Advisory Committee and the Commission to incorporate accountability measures in the STIF program rules. These accountability measures require Qualified Entities who receive Formula Fund allocations to:

- Submit the results of any financial audits encompassing the STIF funds of a Qualified Entity or Public Transportation Service Provider.

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- Undergo periodic on-site compliance reviews to ensure adequate internal controls and management procedures are in place.
- Provide quarterly progress reports to ODOT, detailing the actual expenditures and outcomes achieved, no later than 45 days following the end of each quarter.

Under specific circumstances, ODOT may also withhold future Formula Fund allocations or reduce the amount of future Formula Fund allocations to ensure funds are expended appropriately and in accordance with STIF program requirements..

- *ODOT outreach to Qualified Entities may not be adequate*

ODOT staff have developed a three-phase stakeholder engagement strategy and communications plan related to STIF program implementation. Phase one began in the Fall of 2017 and focused on engaging stakeholders, including Qualified Entities, in the development of the STIF program administrative rules. We are currently implementing phase two, which is focused on developing solicitation materials and assisting potential applicants with preparing STIF plans through written guidance, trainings, and other technical assistance.

To-date ODOT has deployed the following stakeholder and public engagement tools and strategies to ensure all interested parties, including Qualified Entities, are updated on STIF program implementation and opportunities for funding:

- Met with each of the 42 Qualified Entities
- Extended invitations to all known Public Transportation Service Providers to meet with the relevant ODOT regional transit coordinators to learn more about STIF
- Established a public-facing STIF implementation website
- Established a GovDelivery e-mail list, which is used to distribute e-newsletters to interested parties (12 sent thus far)
- Provided 75 informational presentations to a range of transit stakeholders
- Developed implementation factsheets and answer-sheets for frequently asked questions, which are posted on the STIF website
- Sought additional feedback through online surveys and listening sessions
- Established a 21-member Rules Advisory Committee and engaged in a formal rule-making process (which were adopted by the OTC on June 22, 2018)
- Engaged in formal government-to-government consultation with all nine federally recognized Indian Tribes
- Partnered with AOC to extend communications to elected officials and administrators in rural counties that rely on non-profits to manage their existing transit services
- Provided a two-hour statewide webinar on the STIF rules, immediately followed by 4-hour regional workshops facilitated by ODOT's regional transit coordinators

Going forward, ODOT will continue to provide regular updates, webinars and trainings regarding key elements of the program rules and the requirements of STIF program solicitations to prepare providers to apply for funding. Regional transit coordinators will also continue to meet regularly with Qualified Entities and Public Transportation Service Providers to answer questions and provide technical assistance throughout the application process.

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**Safe Routes to Schools Program**

*Safe Routes to Schools program addresses equity issues yet readiness risks remain*

- *Application process allows applicants to self-certify eligibility for a lower match requirement*

There are three circumstances under which the OTC may authorize a lower match requirement for applicants:

- the school is located in a city with a population of 5,000 or fewer;
- the project meets the requirements of a Priority Safety Corridor, defined in rule; or
- the project is near a Title I school.

ODOT staff can verify Title I status and city population using statewide data. However, statewide data regarding Priority Safety Corridor status is not available. To mitigate the risk of ineligible applicants receiving a lower match requirement, specific questions have been incorporated in the grant application which ODOT staff will review to make sure that the information provided qualifies the applicant for reduced match. Additionally, language in the intergovernmental agreement reinforces that recipients of funds must meet the reduced match requirements or they are required to pay a higher match.

- *Applicants may not be ready to receive funding. For example, applicants may not have properly identified drainage or utility issues impacting project cost*

ODOT staff will work to mitigate this risk by incorporating specific readiness questions in the grant application. Staff will review and score each application to ensure the project cost aligns with applicant identified drainage, utility, and other issues. Insufficient information provided by the applicant will trigger additional online or on-site review of the project. A misalignment of the applicant's scope of work and cost estimate will also trigger an online or on-site review. Additionally, language in the intergovernmental agreement is clear that any cost overages are the responsibility of the recipient of funds, and that projects must be completed within five-years.

I would like to thank the audit team for their engagement and evaluation of ODOT's implementation plans. The interim letter provided useful information regarding areas needing additional oversight, accountability measure or mitigation. We will continue to work with your team to evaluate our processes to ensure Oregon residents benefit from our efforts and to ensure the successful implementation of HB 2017.

If you have any questions about our response, please contact me directly.

Sincerely,



Matthew L. Garrett  
Director



Office of the Secretary of State

Dennis Richardson  
Secretary of State

Leslie Cummings, Ph.D.  
Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA  
Director

255 Capitol St. NE, Suite 500  
Salem, OR 97310

(503) 986-2255

October 8, 2018

Matthew Garrett, Director  
Oregon Department of Transportation  
355 Capitol St NE  
Salem, Oregon 97301

Dear Director Garrett:

As you are aware, the Oregon Secretary of State's Audits Division is engaged in a real-time audit of the Oregon Department of Transportation's (ODOT) implementation of Keep Oregon Moving (HB 2017) requirements. Our audit fieldwork has focused on assessing ODOT's implementation efforts related to sections 122 (Transit) and 123 (Safe Routes to Schools) of HB 2017. In alignment with the intent of the real-time audit approach, we are providing this interim letter to supplement our initial interim letter dated July 5, 2018. The purpose of these communications is to summarize key information related to the implementation of these sections so that, where appropriate, your agency can take action to address identified risks and issues in a timely manner.

**Transit team complimented for outreach efforts but documentation remains incomplete**

The ODOT Transit program team appears to be on track to meet HB 2017 requirements. Over the course of audit fieldwork, auditors interviewed 36 of the 42 Qualified Entities (QEs) who may receive State Transportation Improvement Fund (STIF) moneys. Each of the 36 QEs we interviewed noted that ODOT was effective in outreach efforts to prepare the QE for the requirements necessary to apply for the STIF program. Specifically, QEs commonly mentioned the requirement of defining "high percentage of low-income households" as an area for which ODOT's guidance was critical. We noted that ODOT prepared and communicated online guidance as well as conducted webinars to make clear the meaning of "high percentage of low-income households" and other STIF requirements.

However, we identified two risks within the current STIF program. The first is that performance measures to track success have not been documented for the STIF program. Guidance from the Performance Management Institute (PMI) states that effective governance and management oversight requires clearly defined performance measures to minimize risks and optimize outcomes. The second is that documented procedures do not exist for the review of quarterly STIF expenditure reports from QEs. Per the Oregon Accounting Manual, policies and procedures are an important control activity to help ensure management directives are carried out.

**Safe Routes to Schools (SRTS) program on track to meet program requirements but lacks resources**

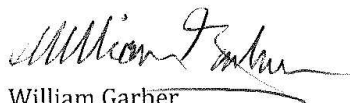
The SRTS program appears poised to meet HB 2017 requirements. The program closed its period to receive letters of intent (LOI) to apply for funds on August 31, 2018 with the deadline for applications on October 15, 2018. In order to be eligible to apply, a LOI must first have been submitted. ODOT received 142 LOIs during the submittal period.

Although, the program appears on track to meet HB 2017 requirements, we identified four risks that may impact the program's ability to meet objectives. First, key performance measures have not been documented for the SRTS program. As noted above, guidance from the PMI states that effective governance and management oversight requires clearly defined performance measures to minimize risks and optimize outcomes. Second, documented procedures do not exist for the review of SRTS applications. As noted above, policies and procedures serve as a control activity to help ensure management directives are carried out. Third, we noted that ODOT did not complete a statewide study to establish baseline SRTS metrics before the implementation of the newly funded SRTS infrastructure program. Per guidance from the Safe Routes to School National Partnership, studies such as these can provide the strongest evidence to demonstrate a cause-effect relationship between SRTS and walking and biking rates.

Finally, we communicated a risk to the SRTS team during audit fieldwork that the team resolved. We noted in the SRTS application guidance that potential projects need only be within one mile of Title I school to be eligible for a reduced match requirement. We communicated to the SRTS that such a policy may allow non-Title I schools, whose school boundary is within one mile of a Title I school, to apply for a reduced match requirement even though the project would not benefit students of the Title I school. As a result, the SRTS team updated the policy to reflect that reduced match eligibility applies to projects within the school boundary, and one mile of, Title I schools.

We hope you find value in this interim communication. We appreciate your staff's time and collaboration during this audit. If you have any questions, please contact me at (503) 986-6442.

Sincerely,  
Oregon Audits Division



William Garber  
Deputy Director, Audits Division  
Oregon Secretary of State



October 17, 2018

William Garber, Deputy Director  
Secretary of State, Audits Division  
255 Capitol St. NE, Suite 500  
Salem, OR 97310

Dear Mr. Garber:

This letter provides written response to the Audits Division's interim letter, dated October 8, 2018, regarding the real-time audit of the Oregon Department of Transportation's (ODOT) implementation of Keep Oregon Moving (HB 2017) requirements. Specifically, the audit team engaged with ODOT staff to assess the ongoing implementation of the following:

- Statewide Transportation Improvement Fund program (Section 122)
- Safe Routes to Schools program (Section 123)

The interim letter provides key information related to potential risks identified by the audit team thus far and is beneficial to our ongoing effort to successfully implement the requirements of HB 2017. We appreciate this helpful feedback as we continue our implementation efforts. Below is our detailed response to each of the identified risks in the interim letter which includes additional information and context regarding any plans and/or mitigation strategies in place to address these risks.

#### **Statewide Transportation Improvement Fund (STIF) Program**

*Transit team complimented for outreach efforts but documentation remains incomplete.*

Although ODOT Transit program team appears to be on track to meet HB 2017 requirements, the Audits team identified two risks within the current STIF program.

#### **1. Performance measures to track success have not been documented for the STIF program.**

Guidance from the Performance Management Institute (PMI) states that effective governance and management oversight requires clearly defined performance measures to minimize risks and optimize outcomes.

ODOT tracks legislative key performance measures, which currently include special transit rides by the elderly and disabled per capita and transit vehicle condition. The Oregon Transportation Commission (OTC) has requested the Legislature shift the special transit rides KPM to a broader per capita transit ridership measure, which will more closely align with the goals of the STIF. On September 20, 2018, the Oregon Transportation Commission adopted the Oregon Public Transportation Plan, which identifies performance measures designed to track progress on key OPTP outcomes at a statewide level as well. With the approval of the OPTP, ODOT will be developing a methodology to begin tracking the following additional performance measures on a statewide basis:

- Public transportation revenue hours per capita
- Cost per boarding for fixed route service
- Percent of public transportation vehicle fleet that is low- or zero- emission

October 17, 2018

In addition to the statewide performance measures, STIF program coordinators, fund coordinator, and compliance coordinator are each charged with working collaboratively to develop programmatic and fund-specific performance measures, as appropriate, within the OPTP performance measure framework.

**2. Documented procedures do not exist for the review of quarterly STIF expenditure reports from QEs.**

Per the Oregon Accounting Manual, policies and procedures are an important control activity to help ensure management directives are carried out.

The first STIF Formula Fund quarterly expenditure reports from Qualified Entities are not due to ODOT until August 15, 2019. The review and processing of quarterly progress and expenditure reports is already part of ODOT Transit Section's broader compliance plan, policies, and procedures. Additionally, effective January 1, 2019, ODOT will also be hiring a STIF Compliance Coordinator. Transit section staff have initiated review of existing compliance and oversight policies and procedures to determine needed updates and additions to address STIF requirements (any STIF-specific revisions will be completed no later than June 30, 2019).

**Safe Routes to Schools Program**

***Safe Routes to Schools (SRTS) program on track to meet program requirements but lacks resource.***

Although SRTS program appears poised to meet HB 2017 requirements, the audits team identified four risks that may impact the program's ability to meet objectives.

**1. Key performance measures have not been documented for the SRTS program.**

As noted above, guidance from the PMI states that effective governance and management oversight requires clearly defined performance measures to minimize risks and optimize outcomes.

We acknowledge that, to-date, formal performance measures for the SRTS program have not been established. That said, staff have identified the need to monitor at least two short-term outcomes ensuring: 1) diversity among applicants, and 2) that selected projects are completed in five years. Applications for the first round of funding were due in mid-October and show a diversity of entities applied (rural and urban, as well as cities, counties, and tribes), with total requests for funding around \$85 million. This information helps measure the success of outreach efforts and gauge how well the funding available matches total needs/requests. Once projects are selected, a requirement that they must be completed in five years will be incorporated in funding agreements and tracked to ensure on-time project delivery.

Additional short-term measures may be considered and long-term performance measures will be developed with guidance from the Safe Routes to School Advisory Committee. The committee will first meet in October and will develop formal measures by the end of 2019.



October 17, 2018

**2. Documented procedures do not exist for the review of SRTS applications.**

As noted above, policies and procedures serve as a control activity to help ensure management directives are carried out.

The process for reviewing SRTS applications was documented in a memorandum addressed to and received by the Oregon Transportation Commission in August 2018. The Commission also reviewed and approved the scoring matrix in August 2018, which incorporated, by reference, the online SRTS Guidance Document, describing processes and timelines.

Internal procedures and steps have been documented into a draft process map, which will be finalized in October 2018. This process map will be refined, based on lessons learned from the first round of SRTS grants awarded, and desk reference procedures will be created to formally document all steps of the process.

**3. ODOT did not complete a statewide study to establish baseline SRTS metrics before the implementation of the newly funded SRTS infrastructure program.**

Per guidance from the Safe Routes to School National Partnership, studies such as these can provide the strongest evidence to demonstrate a cause-effect relationship between SRTS and walking and biking rates.

The Rulemaking Advisory Committee and staff expressed interested in conducting before-and-after studies of SRTS projects. However, funding from HB 2017 was not identified to support this work. Before-and-after studies would provide valuable information to create and monitor performance measures, and help to inform future iterations of the program. Before-and-after studies should be focused to locations that will receive funds, as statewide data is not available. That said, a small amount of funding has been pulled from other ODOT efforts to support a handful of before-and-after studies for the first round of SRTS projects. The ability to broaden or conduct additional such efforts in the future, while notably valuable, is uncertain without dedicated funding or staffing.

**4. SRTS Team resolved risk identified during audit fieldwork.**

The audits team communicated a risk to the SRTS team, during audit fieldwork, that the SRTS application guidance stated that potential projects need only be within one mile of Title I school to be eligible for a reduced match requirement even though such a policy might result in non-Title I schools, whose school boundary is within one mile of a Title I school, to apply for a reduced match requirement despite not benefiting students of the Title I school.

ODOT staff updated the policy to reflect that reduced match eligibility applies to projects within the school boundary, and one mile of Title I schools. We now consider this matter resolved.

Page 3 of 4



October 17, 2018

I would like to thank the audit team for their continued engagement and evaluation of ODOT's implementation work efforts. The interim letter provided useful insights regarding areas of potential risk, requiring additional oversight, accountability measure or mitigation. We will continue to work with your team to evaluate our processes to ensure Oregon residents benefit from our efforts and ensure the successful implementation of HB 2017.

If you have any questions about our response, please contact me directly.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Garrett', with a checkmark at the end.

Matthew L. Garrett  
Director

## Appendix B

### STIF Qualified Entities

Baker County

Basin Transit Service District

Benton County

Burns Paiute Tribe

Columbia County

Confederated Tribes of Coos, Lower Umpqua and Siuslaw

Confederated Tribes of Grand Ronde Community of Oregon

Confederated Tribes of Siletz Indians

Confederated Tribes of the Umatilla Indian Reservation

Confederated Tribes of Warm Springs

Coos County

Coquille Indian Tribe

Cow Creek Band of Umpqua Tribe of Indians

Crook County

Curry County

Deschutes County

Douglas County

Gilliam County

Grant County Transportation District

Harney County

Hood River County Transportation District

Jefferson County

Josephine County

Klamath Tribes

Lake County

Lane Transit District

Lincoln County

Linn County

Malheur County

Morrow County

Rogue Valley Transportation District

Salem Area Mass Transit District

Sherman County

Sunset Empire Transportation District

Tillamook County Transportation District

Tri County Metropolitan Transportation District

Umatilla County

Union County

Wallowa County

Wasco County

Wheeler County

Yamhill County



# Oregon

Kate Brown, Governor

Department of Transportation

Office of the Director

355 Capitol St NE

Salem, OR 97301

November 30, 2018

Kip Memmott, Director  
Secretary of State, Audits Division  
255 Capitol St. NE, Suite 500  
Salem, OR 97310

Dear Mr. Memmott,

This letter provides a written response to the Audits Division's final draft audit report titled **"ODOT Effectively Implementing Two Keep Oregon Moving Programs, but Could Do More to Enhance These Efforts."**

The Oregon Department of Transportation (ODOT) thanks the Audits Division for their feedback during the development of the new Safe Routes to School (SRTS) and Statewide Transportation Improvement Fund (STIF) investment programs. The audit report details several important efforts that are planned but still need to be completed. ODOT initially focused efforts on rulemaking to formally establish the programs, then on the first round of funding. This helped to assure that ODOT could get money to the needed recipients as quickly as possible. Now the agency will go back and formally document internal policies and processes; assure roles, responsibilities, and expectations are clear; and establish program performance measures. ODOT agrees these and other steps called out in the audit report are needed to assure the programs evolve to best meet their intended outcomes and be as efficient as possible.

Below is our detailed response to each recommendation in the audit.

<b>RECOMMENDATION 1</b>		
Document internal procedures that detail the process for reviewing quarterly project expenditure reports from each qualified entity and communicate those procedures to staff responsible for performing those duties.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	February 1, 2019	Karyn Criswell Statewide Transportation Improvement Fund Program Manager 503-856-6172

**Narrative for Recommendation 1**

ODOT has documented operating procedures for reviewing quarterly progress reports and expenditure reimbursement requests for existing public transportation grant agreements. ODOT will develop similar procedures for reviewing STIF progress reports and reimbursement requests well in advance of the receipt of the first STIF quarterly reports, which are scheduled to begin on August 15, 2019

<b>RECOMMENDATION 2</b>		
Establish and document performance measures for the STIF program, such as number of rides, cost per ride, and rides per vehicle. Communicate the performance measures to regional staff, project management, ODOT leadership, and the Oregon Joint Legislative Committee on Transportation.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	April 1, 2019 to establish performance measures	Karyn Criswell, Statewide Transportation Improvement Fund Program Manager 503-856-6172

**Narrative for Recommendation 2**

ODOT's existing Key Performance Measures for public transportation include the portion of vehicles that exceed useful life and the number of transit rides each year per senior and disabled Oregonian. To better align with the agency's new responsibilities under the STIF, the Oregon Transportation Commission has recommended that the Legislature replace the transit rides per senior and disabled Oregonian KPM with a modified KPM that tracks progress on the number of annual transit rides per capita while keeping the KPM measuring vehicle condition.

ODOT will implement additional statewide public transportation performance measures as specified in the Oregon Public Transportation Plan. Planned performance metrics include revenue hours per capita, cost per boarding for fixed route service, and percent of vehicle fleet that is low- or zero-emission.

ODOT will establish and document the STIF performance measures by April 1, 2019. ODOT will report anticipated performance outcomes as the Oregon Transportation Commission approves qualified entities STIF plans for formula funds (May and October 2019) and as funding decisions are made for STIF discretionary funds (August 2019). Reporting on actual outcomes will occur at the end of each funding period, and at other intervals as required to meet legislative reporting requirements.

<p><b>RECOMMENDATION 3</b></p> <p>Document policies and procedures to guide the approval, review, and monitoring process of submitted SRTS applications that address how staff should:</p> <ul style="list-style-type: none"> <li>a. Maintain neutrality between ODOT applications and those submitted by external partners; and</li> <li>b. Verify information submitted by program applicants.</li> </ul>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	<ul style="list-style-type: none"> <li>a) Completed - November 2018: Created a policy document outlining how ODOT will maintain neutrality.</li> <li>b) To be completed – May 2019: Developed process maps from April-October 2018 outlining what application information is verified and when. More detailed procedures will be documented in a Desk Reference by May 2019.</li> </ul>	<p>LeeAnne Ferguson, Safe Routes to School Program Manager (503) 986-5805</p>

**Narrative for Recommendation 3**

- a) Staff completed documentation for the Safe Routes to School program in November 2018 titled, “Safe Routes to School Infrastructure Funding Program: ODOT Policies and Procedures” see attachment. The document explicitly addresses processes for assuring neutrality between ODOT applications and those submitted by external partners. The relevant established program management policy is to “develop and manage a fair and impartial process”. The following procedures were established to satisfy the policy: 1) “separation of duties” between those who submit ODOT applications and those who score applications; 2) “empirical scoring” recommended by the Safe Routes to School Advisory Committee and set by the Oregon Transportation Commission applied to all applications; and 3) third-party review and recommendations by the Safe Routes to School Advisory Committee. This process will be repeated for future rounds of funding to ensure that ODOT maintains neutrality.



b) High-level procedures were established as early as April 2018, in the form of process maps documenting each major step taken and by whom for the approval, review, or monitoring of Safe Routes to School projects. The process maps have been refined and continue to be living documents that are adjusted as needed. More detailed procedures will be developed from the process maps in the form of a Desk Reference for staff. The Desk Reference, to be completed by May 2019, will explain the process steps in narrative form and describe the sub-steps in detail. It should be noted that only certain application information will be verified. Verification is not a statutory requirement and any choice to verify information is limited to available and accessible data and available staff resources. The main points of verification currently identified include: a ground conditions review; accuracy of match calculation; and verification of eligible match reduction on the basis of Title I school status according Safe Routes to School program definition. The first two verification points have been completed for the current round of funding and the final will be completed by December 2018. The accuracy of other information scored in applications will be checked through a random sampling by March 2019. Based on the assessment, process steps may be changed to verify additional information for future rounds of funding. An additional mechanism to assure application accuracy is through the Intergovernmental Agreement. In the Intergovernmental Agreement that is signed by each grantee, grantees will confirm the accuracy of their application and must give back funds if they provided inaccurate information in some categories. The Intergovernmental Agreement template will be finalized in December 2018.

<b>RECOMMENDATION 4</b>		
Train staff who will score and prioritize applications so that scoring is consistently applied among applications.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	Completed – October 2018: Staff was trained in scoring to assure consistent evaluation for the first round of funding. Future rounds of funding will also include training.	LeeAnne Fergason, Safe Routes to School Program Manager (503) 986-5805

**Narrative for Recommendation 4**

Staff facilitated training for all staff involved in scoring Competitive Grant Program applications in late October 2018, prior to any scores being given. Training included defining key words and concepts as well as practice scoring. For the practice scoring, the same three applications were evaluated and then compared. There was good consistency between scores and discussions were had to assure full alignment. This type of training will be repeated for future rounds of

funding. Training materials will be further documented in the “Desk Reference” internal operations document to be completed in May 2019.

<p><b>RECOMMENDATION 5</b>            Create and communicate well-defined expectations and job duties for Active Transportation Liaisons as they relate to administering the SRTS program including:</p> <ul style="list-style-type: none"> <li>a. The level of outreach liaisons should provide throughout their regions;</li> <li>b. The support community partners can request from liaisons; and</li> <li>c. The role of liaisons after SRTS projects have been approved.</li> </ul>		
Agree or Disagree with Recommendation	Target date to complete implementation activities (Generally expected within 6 months)	Name and phone number of specific point of contact for implementation
Agree	a-c) Completed – November 2018: Developed process maps outlining Active Transportation Liaison roles; and created a policy document outlining specific expectations and job duties.	LeeAnne Fergason, Safe Routes to School Program Manager (503) 986-5805

**Narrative for Recommendation 5**

High-level procedures and roles were established, in the form of process maps, from March-October 2018. The roles of Active Transportation Liaisons (ATLs) were included in these maps. ATLs do not have a program management or administration role, but do play a support role. This role is further described and clarified in documentation for the Safe Routes to School program titled, “Safe Routes to School Infrastructure Funding Program: ODOT Policies and Procedures” (November 2018). This document and the process maps were created collaboratively with the ATLs and others. In addition to documentation, there were monthly or bi-weekly calls between the SRTS Program Manager and ATLs from June-November 2018 to communicate clear expectations around outreach, community support, and project delivery.

As for ATL roles relative to the recommended clarification points (a-c) in the audit report, the ATLs roles for current and future funding cycles are as follows:

- a) Outreach – ATLs coordinate and attend local outreach events, such as workshops held June-August 2018. ATLs are listed as the local points of contact for questions.
- b) Community Support – ATLs provide information on how to apply for SRTS funding to local jurisdictions, and answer questions from locals in consultation with the SRTS Program Manager.

- c) Project Delivery – Once projects are selected the ATLs may respond to local jurisdiction questions in consultation with the Program Manager; and will help to oversee any ODOT-selected project within their region working with District staff, project leaders, or others as appropriate.

<b>RECOMMENDATION 6</b>		
Automate some aspects of the application to reduce human error, such as calculation of local match percentage.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	To be completed - May 2020.	LeeAnne Fergason, Safe Routes to School Program Manager (503) 986-5805

**Narrative for Recommendation 6**

The current online application was created with Cognito Forms, which cannot be automated. Staff identified this as a need during the creation of the application and will research potential new online tools to be implemented in future rounds of funding.

<b>RECOMMENDATION 7</b>		
Establish performance measures for the SRTS program such as rates of walking and biking to school and communicate program targets to Active Transportation Liaisons and external partners.		
<b>Agree or Disagree with Recommendation</b>	<b>Target date to complete implementation activities (Generally expected within 6 months)</b>	<b>Name and phone number of specific point of contact for implementation</b>
Agree	To be Completed: December 2018.	LeeAnne Fergason, Safe Routes to School Program Manager (503) 986-5805

**Narrative for Recommendation 7**

In December 2018 programmatic performance measures will be established. Staff was waiting for the Safe Routes to School Advisory Committee to be formed and will finalize measures at the Committee’s December meeting. Additional performance measures may be developed with the Committee over time to more comprehensively evaluate infrastructure and non-infrastructure components for future rounds of funding.

Please contact Matthew Garrett at 503-986-3452 with any questions.

Sincerely,



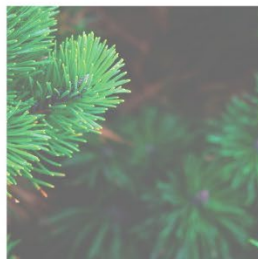
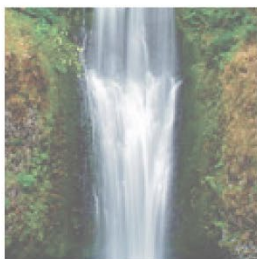
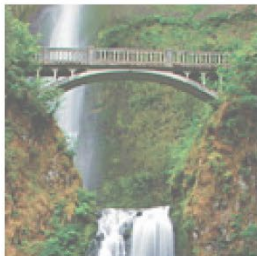
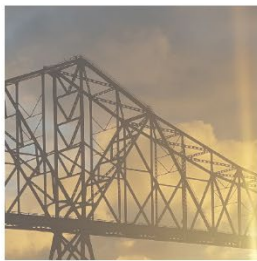
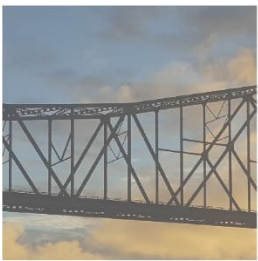
Matthew L. Garrett, Director  
Oregon Dept. of Transportation

cc: Jerri Bohard  
Travis Brouwer  
Lindsay Baker  
Mac Lynde  
Matt Garrett  
Amanda Pietz  
Hal Gard  
LeeAnne Fergason  
Karyn Criswell  
Marlene Hartinger  
Chair Baney  
Vice Chair Van Brocklin

Attachment:

Safe Routes to School Infrastructure Funding Program Procedures and Process Policies

Safe Routes to School Procedures and Process Policies Appendices



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