



Oregon Travel Information Council
1500 Liberty Street SE, Suite 150
Salem, Oregon 97302

MINUTES
Oregon Travel Information Council Retreat
Portland, Oregon
&
Joint Meeting with the Oregon Transportation Commission
Hillsboro, Oregon
July 15-16 2015

Council Members:

Gwenn Baldwin, Chair
Kathy Watson, Secretary
Charlotte Lehan
David Lohman

Bob Russell, Vice Chair
Mike Drennan
Ed Washington

Council Members Excused:

Ryan Snyder

Mike Marsh

OTE Staff:

Nancy DeSouza, Executive Director

Tim Pickett, Operations Director

Facilitator:

Samuel Imperati, JD

July 15, 2015 – Portland State University Convention Center Conference Room

Convening: The public meeting of the Travel Information Council was called to order by Chair Baldwin at 9:32 a.m. Chair Baldwin noted attendance for the record. Ms. DeSouza introduced Facilitator Sam Imperati, who led the group in a warm-up exercise and discussion.

Check-in on Performance Measurement: Ms. DeSouza and Mr. Pickett updated the Council on the status of the four 2012 Secretary of State Audit Recommendations. Three are fully implemented and one – regarding reporting of rest area performance – is ongoing with the collection of key rest area data. OTE staff will request the assistance of partners with

performance measurement expertise to advise on defining which measures are of the greatest worth to decision-makers and the public, and how best to report those results.

2015-17 Budget Options Discussion: Ms. DeSouza and Mr. Pickett joined Council members in a discussion of options that will be drafted for Council's consideration and approval for a biennial budget once funding issues are resolved. These included policy discussions of budgeting for long-term success, the status of expanding/developing revenue sources from sponsorships and other sources, and the need for capital maintenance/improvement funding.

Introduction to the Agency and its Programs: The Council and attending staff were led in a discussion by Mr. Imperati on OTIC/OTE programs and their roles in delivering mission: Sign Program; Kiosks; Historical Markers; Heritage Trees; Rest Areas and Other Projects (i.e. Grove of the States). The group discussed challenges in particular kiosks that are not covering their costs, and increasing collaboration with partners, including state tourism/traveler information efforts, shared messages/branding. There was general agreement that each kiosk needed to at a minimum pay for itself or be considered by staff for decommissioning. Two non-rest area kiosks were flagged for not currently meeting that threshold: Woodburn Premium Outlets and the D River Wayside kiosk in Lincoln City.

Mr. Imperati led a discussion of the mission and focus areas and objectives of the agency and those of its partners (Transportation, Travel Oregon and Oregon Parks and Recreation). The group discussed the importance of traveler safety as an integral part of TIC/OTE's mission, and increasing the emphasis on safety in our written materials.

Mr. Imperati led the Council through a draft decision making matrix to help focus on objectives, clarity and alignment with key decision-making and evaluation factors and principles:

- Consistent with OTIC Mission
- Consistent with Statutes & Rules
- Customer and Community Support
- Impact on Operations
- Maximizing Assets
- OTIC Financial Viability
- Political Viability
- Willingness of Partners

These factors and principles were applied as a working concept to the Grove of the States project, with three options:

- Status Quo (Do nothing)
- Preserve (Remove encroaching fir trees, trim specimens)
- Restore (Renovate and improve)

The resulting evaluation should lead to an action plan with concrete steps to take in a time period to accomplish. A key question is how to secure the authority and resources to move forward if they are not already in place. Another is replying to opponents' concerns.

The Council generally agreed that this can be a valuable tool for complex decision making, and instructed staff to refine it for future Council use.

The discussion continued regarding TIC/OTE programs. Councilor Lehan suggested meeting in the next year with leadership representing all of Oregon's historical assets to discuss potential coordinated efforts around the state's history, and what makes sense to manage together.

Preparation for discussions with OTC:

The Council and staff discussed:

- Meeting goals
- Overview of history and partnership
- OTIC/OTE's business model for rest areas
- Financial history
- Key points for discussion of future partnership and business model ideas
- Key points for Q&A
- Identifying primary presenters on specific topics
- Items to hold for future discussions

Improving Communications:

The Council discussed internal communications with the agency and among themselves, and the importance of continued openness and interaction.

Adjournment:

The meeting was adjourned at 4:48 p.m. Council and staff held a non-working dinner and agreed to reconvene at the Oregon Transportation Commission meeting in Hillsboro at 10:00 a.m. the next day.

July 16, 2015 – Hillsboro Civic Center

OTIC Chair Baldwin called the Council and OTC Chair Baney called to order a joint session of the two governing bodies at 10:25 a.m. Attending for the OTC were Chair Tammy Baney, David Lohman, Susan Morgan, Alando Simpson, and Sean O'Hollaren. Attending for TIC were Chair Baldwin, Vice Chair Bob Russell, Mike Drennan, Charlotte Lehan, Kathy Watson, and Ed Washington (Dave Lohman in dual role as OTC representative). OTE staff attending were Executive Director Nancy DeSouza and Operations Director Tim Pickett.

The following are OTC's minutes of this joint meeting which were prepared by ODOT staff and are as follows:

"The commission received an informational presentation from Oregon Travel Experience (OTE) and Oregon Department of Transportation (ODOT) staff about OTE's services and performance, and its strategic plan for rest areas, along with information on the collection of fees designated to support OTE's responsibility to manage, maintain, improve and develop certain rest areas in Oregon. Oregon Travel Experience Executive Director Nancy DeSouza, ODOT Assistant Director Travis Brouwer, and ODOT Highway Division Administrator Paul Mather gave the presentation.

Background presented by ODOT Assistant Director Travis Brower:

In 2009, the Travel Information Council (OTIC) initiated a legislative concept in which the OTIC would take over maintenance and operation of select ODOT rest areas. That concept was included by the 2009 Oregon Legislature in the Jobs and Transportation Act (HB 2001).

House Bill 2001 directed that effective January 1, 2010, OTIC would take over maintenance and operation of seven ODOT rest areas, as well as others mutually agreed upon for a total amount of \$3 million per year. The Travel Information Council agreed to take over two additional sites (Manzanita NB and Boardman WB) since these facilities are directly connected to those listed in HB 2001.

In 2012, the Oregon Legislature approved Senate Bill 1591 which modified OTIC's rest area responsibility described in HB 2001 from the 2009 Oregon Legislative Session by adding rest areas and increasing funding. In 2012, four rest areas were added to those listed in HB 2001 for a total of \$3,457,000 per year. In 2013, nine more rest areas were added for a total of \$4,960,000 per year and another six were added in 2014 increasing OTIC's responsibility 26 rest area sites for a total of \$6,550,000 per year.

The funding for OTIC's rest area maintenance and operations comes from revenue generated by the sale of driver records through the E-Government Portal. Under an interagency agreement with the Department of Administrative Services (DAS) to furnish Oregon driver records by online methods, DAS pays ODOT for an exclusive license to distribute these records electronically, based upon a market analysis of fees charged by other state motor vehicle agencies. The rate, as of July 1, 2015, includes a cost recovery fee of \$2.00 and a "fair value" amount of \$4.55 per record. The "fair value" amount was designated by the legislature for the OTIC payments. If those funds were not fully realized, the OTC was authorized to adjust the funding as well as OTIC's rest area responsibility. [OTE note: The "fair value" was not established by the Legislature.]

In mid-2013, ODOT realized that driver record fee revenue was falling short of the Legislature's projection by about 40 percent and would not be adequate to meet the \$6,550,000 obligation from SB 1591, which was due to OTIC on January 2, 2014. ODOT began conversations with OTIC on how to make the necessary adjustments.

At its December 2013 meeting, the OTC took action that delayed the implementation of the third phase of SB 1591 until March 1, 2014 and provided funding in addition to what was actually available from the OTIC portion of the driver record fee to temporarily bridge the gap to provide time for OTIC to secure alternate funding.

Effective March 1, 2014, OTIC assumed maintenance and operation of nine additional rest area sites. By agreement, ODOT provided funds in the amount of \$4,960,000 annually on January 2 from the driver record fee plus an additional one-time \$1,590,000 on March 1, 2014, and an additional one-time \$1,590,000 on January 2, 2015. Also as part of the agreement, ODOT and OTIC committed to work together on new funding during the legislative session to fund rest areas.

The driver record fee revenue continues to fall short of legislative projections by about 40 percent. OTIC indicated that alternate funding is not available to provide the service level necessary to meet its business model. ODOT and OTIC are working on how to again make adjustments. ODOT is engaged in on-going discussions with OTIC about rest area finances and will make a recommendation to the OTC in September regarding action to address this shortfall so that OTIC can finalize its budget for 2016 and beyond.

Presentation:

The presentation on the Oregon Travel Experience (OTE) was given by OTIC Executive Director Nancy DeSouza, OTE Chief Operating Officer Tim Pickett and ODOT staff. (Matt Garrett, Paul Mather, Travis Brouwer) Highlights of the presentation were:

- Nancy DeSouza gave a brief history of OTE's operations of rest areas in Oregon, starting in 2006 with Governor Kulongoski's creation of the Transportation and Tourism Task Force which identified rest areas as a key component of the state's transportation system. The task force recommended uniform management of rest areas and OTE agreed to take on the active management of rest areas. Additional legislation in 2009 and 2012 further defined OTE's responsibilities to manage, maintain, improve and develop select rest areas and ODOT's funding responsibilities.
- Paul Mather gave a brief history of the 36 rest areas in Oregon.
- Travis Brouwer discussed funding for maintaining the rest areas, which comes from revenue generated by the sale of driver records through the E-Government Portal. That driver record fee revenue has fallen short of the Legislative Fiscal Office's projection by about 40 percent, or \$1.35 million, and shows signs of staying flat or decreasing more over time. The shortfall has been covered by other Highway Fund sources that might otherwise go to roads. Senate Bill 1591 provides that the OTC can reduce the amount of money and scope of rest areas managed by OTE if driver record fees do not meet expectations.
- Nancy DeSouza talked about OTE's operating model for the rest areas. The main goal is to provide a safe place for drivers and truckers to rest. OTE staff rest areas for 8 hours a day and have kiosks to provide information, in addition to keeping rest areas clean, maintained, responding to traveler inquiries or needs for assistance and working with local law enforcement when necessary.
- DeSouza gave the commission a report with 6 months' worth of customer comments following a request from the Secretary of State's Office to start tracking performance. The comments were overwhelmingly positive.
- Visitor counts in rest areas have increased by 8.26 percent in the past 5 years, with 22.4 million visitors to OTE managed rest areas the past fiscal year.
- DeSouza talked about OTE's strategic plan, and its funding and revenues. OTIC and OTE are committed to what is best for Oregon and believes the current partnership with ODOT is the right one.

Discussion:

Gwenn Baldwin talked about the shared partnership with ODOT that starts and ends with traveler safety. Avoiding traveler fatigue is a priority, and the deep and important history between OTIC and ODOT allows serving the motoring public in a way that ensures its safety. While the 2015 legislative package did not move forward, OTIC is committed to ensuring the right, robust package does move forward. It hopes to continue to move forward in an as-is position, taking the great base that has been started, and move forward to 2017. In addition, OTIC recommitted to collaborating on funding diversification, which will require rule making and authorization. OTIC sees the greatest opportunity in sponsorship of rest areas and authorization to renovate the grove at French Prairie.

Bob Russell said sponsorships will not replace all Highway funding received today, but might significantly reduce OTE's reliance on Highway Funds. The partners must work together to meet administrative rules and FHWA's requirements before we can go forward with sponsorships.

Charlotte Lehan talked about the French Prairie rest area, which is one of the highest traffic rest areas with over 2 million visitors a year, and which represents a particular opportunity in terms of sponsorship. *[OTE note: French Prairie receives 2 million visitors per year on each side, for a total of 4 million each year.]* A conference of the nation's attorney generals in 1967 resulted in a tree being planted for every state to commemorate the Highway Beautification Act of 1965. It has all the attributes to qualify as a State Heritage Landmark and will celebrate its 50th anniversary in 2017. Douglas firs overshadow the trees and some need to be cut out to make this more attractive to potential sponsors for the 2017 anniversary. OTIC can't move forward without ODOT's green light first.

Commissioner Simpson asked if there was access to more detailed expenditure information and if all fees on signs were the same across the board regardless of whether it's a multi-national corporation, or all the way down to the smallest business. Gwenn Baldwin explained that it fluctuates on demand and responds to a formula of Highway protocol. The formula was overhauled last year to assure TIC was meeting those protocols. Bob Russell added that while non-profit organizations are charged less, there is no discrimination between large or small businesses on prices for signs.

Simpson asked if OTIC was entertaining the concept of looking at new, innovative streams for companies that have massive marketing budgets in comparison to the Mom and Pop diners. Mike Drennan said that discussion ended with the decision to go with equity rather than training staff to make that difficult distinction on where to draw the line.

Commissioner Lohman said the maintenance backlog issue is one he has become more aware of recently and asked Tim Pickett to talk about the challenges faced, over and above just getting the revenue to operate. Pickett said the 5000 blue signs statewide cost about \$3 million annually to maintain. Rest areas have a level of deferred maintenance, estimated to cost about \$20 million over the next 5 years, that is generated either by age or use and includes things from parking lot repairs to infrastructure with buildings.

Lohman clarified that management of some rest areas, like Oak Grove, was transferred from ODOT to OTIC without funding to handle the backlog of deferred maintenance issues we have now learned about.

Commissioner O'Hollaren asked how deeply staff has looked at Virginia's rest area model, and what steps would be required to move in that direction? Can it be done under current law? Gwenn Baldwin responded that, again, ODOT permission is required in rule to allow sponsorship before they can move forward to FHWA. That's ODOT's role as trustee, and no one else can substitute that.

Tim Pickett said Virginia's decision to close its rest areas resulted in the concept of private dollars being invested in the transportation system. An example is GEICO Insurance Company's sponsorship of rest areas. Exploratory meetings on this has shown that additional rules are required to govern sponsorship and those rules have to be submitted to, and approved by FHWA which maintains overall control of state-level sponsorship programs. Director Garrett clarified what steps would need to be taken to move forward with sponsorships and committed to getting the required parties around the table within the month to start those steps.

Commissioner Morgan expressed concern about the lack of long-term planning, looking ten to twenty years out, and talking about the kind of rest area system that will serve the transportation system, commercial haulers and private citizens in the way the whole transportation system is evolving in the future. What discussions are occurring in term of a long-range vision for the system? Bob Russell said the long term discussion started with the Transportation and Tourism Task Force that also looked at how rest areas could be used to promote economic development through tourism and connect those rest areas to the local communities.

Mike Drennan, Chair of the Finance Committee, said OTIC has been on a band aid approach. ODOT has been very generous with its support, but we keep reaching these critical points. Sponsorships will not be enough to cover the gaps we are seeing in financing, and to cover the long-term needs, we will have to work together to develop that long-range plan instead of just putting on a temporary fix from biennium to biennium.

Commissioner Morgan appreciated the comment because there is clearly an issue with an aging infrastructure way beyond the life intended, and the futility of putting a bunch of band aids over a system that really needs a comprehensive, long-term plan. Do we need all these rest areas? Are they in the right places? Would abandoning some and developing others better serve the system? The capacity in answering these questions is more in ODOT in the expertise, time, people and materials needed to do this. But before these decisions can be made about long-term strategic investments, there has to be some kind of deliberation or plan that would drive that.

Kathy Watson said visitors don't differentiate on the labels put on rest areas. When they need a rest area, they need a rest area. Travel Oregon is a good agency to be a connector for all those different labels like travel centers, rest areas, state parks, etc. Chair Baney said she would take the lead on that conversation if Kathy Watson would take the lead for OTIC. Ed Washington said he will do whatever he can so the traveling public can have a safe clean place to go when it needs to stop. [OTE note: OTE view's Travel Oregon's role to take the lead in developing the "brand" for travel-related facilities and operations in the state.]

Commissioner Lohman asked for more detail on the split of the pots of money OTIC works with, and what challenges are associated with those. Nancy DeSouza said there are clear requirements on Highway Funds and how they can be spent. Tim Pickett talked about OTIC's budget, which is built from the bottom up. Charlotte Lehan noted that the heritage tree programs are staffed by volunteers and the community raises the money to make and install signs when needed.

Director Garrett summarized that the revenue stream is not yielding the amount anticipated, and a clock is ticking with a date of January 2016. There are some unknowns, which leaves three scenarios to go forward: (1) stay "as is" and live within our means, (2) the lawsuit and how long that will play out, and (3) the legislative conversation. Garrett suggested ODOT continue to cover the gap until the lawsuit and its ramifications are known, or new legislation is put in place. This will keep what has already been built in place until new revenue streams can be built. Baldwin said that while she would like to see long-term funding in place sooner rather than later, if Director Garrett's plan buys time to have the required conversations and put the correct players at the table, she's all for it.

Bob Russell said the Oregon Trucking Association is a plaintiff in the lawsuit and volunteered to come back and discuss that lawsuit.

Chair Baney and Commissioner Lohman agreed with Director Garrett's proposal, saying it was pragmatic and responsible."

Lunch: The meeting was recessed for a non-working lunch with the members of the Oregon Transportation Commission and available staff from ODOT and OTE.

Reconvene: Chair Baldwin reconvened the meeting of the Travel Information Council in Public Session at 1:40 p.m.

Committee Structure and Planning: The Council and staff discussed committee assignments in light of new Council membership by Mike Marsh. OTIC Standing committees are: Finance, Executive, and Rest Areas; Advisory Committees are Heritage Trees and Historical Markers. Several Council members expressed interest in populating the Rest Area Committee. Staff will research options to avoid quorum issues if a majority of Council members wish to serve on that committee. The Rest Area Committee will discuss and make recommendations including:

- Statutory restrictions on highway funds
- Policy issues and considerations
- Capital maintenance/improvement and capital expansion
 - o Paving projects
 - o Expansion of capacity
 - o Government Camp
 - o Tourism issues

2:35 p.m. – Meeting Adjourned.