

Committee Leadership Proposed 2017 Transportation Framework

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In 11 meetings held across the state over the past six months, the legislators appointed to the Joint Transportation Preservation and Modernization Committee heard a clear, consistent message from the public: Oregon's transportation system is failing. In hundreds of pages of materials provided by cities, counties, citizens, OTC and ODOT, legislators heard again that the state needs additional funding if it is to adequately maintain its road and bridges; that Oregonians are being injured and even losing their lives as a result of the dangerous condition of our roads; and that Oregon's aging, outdated road system is costing millions in lost economic activity. Additionally, the Committee heard concerns that Oregon's road dollars could be invested more productively. In summary, Oregon's infrastructure is falling into disrepair and its economy is falling behind.

Wise investments in Oregon's roads, bridges, and freight systems are essential for the state's future economic success. With this in mind, the Committee is working to develop a 2017 Transportation Plan.

Committee Leadership believes the legislature's 2017 transportation planning efforts should culminate in a plan that is long-term, accountable, credible, and sustainable. It should be designed to preserve and modernize our transportation infrastructure to the economic benefit of the state of Oregon.

To that end, this framework is intended to provide a starting point for discussion of a long term (20-year) program of investment in the future of Oregon's transportation system.

The goals for new transportation investment so far include:

- Protecting Oregon's investment in its existing bridges, streets, roads and highways;
- Improving accountability in the selection and delivery of transportation investments;
- Supporting Oregon's economy, ensuring efficient movement of people and goods and resolving traffic congestion issues;
- Preparing the transportation system for a Cascadia Zone earthquake;
- Replacing aging bridges to improve safety, resilience, and continuity of traffic and freight systems;
- Improving public transportation to connect people and communities across the state;
- Streamlining processes to improve the effectiveness of transportation project development, selection and implementation;
- Making the system safer for pedestrians, cyclists and drivers;

- Maximizing opportunities for federal participation;
- Assuring equitable sharing among transportation system users of system costs; and
- Ensuring cost effective use of resources to meet transportation needs.

A long term investment program could be divided into increments so that Oregonians can see where investments will be made. As a starting point, the plan could include and address:

- Maintenance and preservation, including bridges, culverts and pavement;
- Seismic preparedness, including bridges on lifeline and recovery routes;
- Traffic congestion;
- Public transportation and safety, including safe routes to schools, bicycle, pedestrian and road safety;
- Multimodal freight, including aviation, port/marine, and rail;
- Accountability, including legislative responses to the on-going audit of the Oregon Department of Transportation; and
- Revenue, including fees, taxes, tolls and bonding.

Committee Leadership recognizes that, collectively, the state and local government agencies responsible for the transportation system want more invested in transportation than is feasible at any one time. The Joint Committee, its work groups and stakeholders will work during the 2017 session to identify efficiencies, set priorities and balance the desire for new investment against the willingness to pay for it. We anticipate that transportation-related taxes and fees will be increased and that tolls may be used when feasible.

Maintenance and Preservation

Oregon's road systems are getting older and more difficult to maintain. Existing resources no longer keep pace with the maintenance needs of an aging system, allow for response to more extreme weather events and adequately deal with increasing traffic volumes. For example, the I-84 corridor in eastern Oregon has seen an increase in truck volumes as well as an increase in frequency of freezing fog and ice events. With current resources ODOT cannot provide 24/7 coverage on the I-84 corridor. In addition, maintenance requirements for the upkeep of traffic signs, retaining walls, tunnels, variable message signs and other infrastructure are growing.

State highway pavements are currently in fair condition, but will deteriorate unless there is an increase in funding levels for repaving. Local governments do not have sufficient resources to maintain their infrastructure, resulting in many miles of roads and streets in poor – and worsening – conditions.

About 6,800 bridges connect Oregon's highway, road and street network. That number includes 2,727 bridges on the state highway system, 4,038 on county roads and city streets. Many bridges are nearing the end of their service life. While considered safe, older bridges require diligent monitoring and maintenance. Weight limits are sometimes placed on older bridges to extend their service life. However, weight limits disrupt the movement of freight by imposing long detours around the weight-limited structures.

Current Spending Levels

- State Highways - \$385 million annually
 - Bridges - \$85 million
 - Culverts - \$15 million
 - Maintenance - \$200 million
 - Pavements - \$85 million
- Counties - About \$377 million annually from all sources
 - Maintenance - \$337 million
 - Bridges - About \$40 million
- Cities - About \$199 million from all sources to maintain city streets and bridges

Potential Additional Investment

- ODOT estimates additional investment in the following areas are needed for adequate maintenance and preservation:
 - \$100 million per year to maintain pavement conditions at 85 percent fair-or-better, keeping state highway pavements on priority corridors from degrading through repaving and resurfacing and filling in gaps in the sidewalks and ADA ramps adjacent to repaving projects;
 - \$100 million per year to replace and address structurally deficient bridges to prevent weight restricting bridges on key freight routes and to complete Phase I of the bridge component of ODOT's Seismic Plus Plan, replacing and retrofitting bridges to be resilient to a Cascadia Subduction Zone Earthquake;
 - \$35 million per year to address culverts on priority routes; and
 - \$50 million per year to increase winter maintenance, to expand the incident response program and to offset lost purchasing power.
- AOC estimates that counties collectively need an additional \$284 million for maintenance activities and about \$97 million for county bridges annually over the next five years.
- LOC estimates that cities collectively need an additional \$217 million each year to adequately maintain city streets, including bridges on city streets.

Additional Issues for Consideration

- What are the priority corridors for ODOT's bridge and culvert strategies?
- How are pavement preservation, bridge and culvert replacement projects placed in the timeline in 5-year increments?
- Should this package include specific state highway pavement preservation, bridge and culvert projects or should the OTC select the projects?
- How do weight-limited bridges affect freight routes and farm to market roads?

- What is the condition of city street pavements overall?
- Should city street pavements be rated in a consistent manner?
- Should city bridge replacement needs be estimated separately from street pavement needs?
- Does the need for city and county bridge replacement require a separate local government bridge bond program?
- How should the needs of small cities under 5,000 population and small counties be addressed?
- What provisions are made when cities annex land for transfer of jurisdiction between counties and cities?
- How do Orphan Highways affect state pavement and maintenance needs?
- What work should be done to bring Orphan Highways "up to standard"?
- What ongoing allowance should be made for transfer of Orphan Highways to more appropriate jurisdictions?
- Are there planning and process efficiencies that would increase the effectiveness of spending on maintenance and construction programs?
- What additional issues require attention?

Seismic Preparedness

A large earthquake along the Cascadia subduction zone will cause widespread disruption of the transportation system. The majority of bridges in western Oregon were built before modern seismic codes were in place and could collapse in a major seismic event. Landslides would block highways. Highways would be closed for many months, leaving communities isolated and slowing recovery from the quake.

Current Spending Levels

- State Highway Bridges – \$35 million one-time allocation
- Counties – Counties have not estimated spending to address seismic issues separately from bridge spending.
- Cities – Cities have not estimated spending to address seismic issues separately from street maintenance spending.

Potential Additional Investment

- ODOT estimates that an additional investment of \$20 million per year would implement a package of actions to deal with critical landslides on priority routes, implement the southern Oregon "Triage," advance position maintenance supplies at strategic, safe coastal locations and address key state highway bridges on local lifeline routes.
- Counties – County seismic needs have not been assessed.
- Cities – City seismic needs have not been assessed.

Additional Issues for Consideration

- What are the priority corridors for ODOT's seismic preparedness strategy? How were the priority corridors chosen?
- What is the overlap between the state strategy to replace aging bridges in corridors and strategy for seismic preparedness on lifeline and recovery routes?
- What efforts are being undertaken or will be undertaken to assess seismic needs for city streets and county roads?
- Should this package include specific seismic preparedness projects or should the OTC select the projects?
- What additional issues require attention?

Traffic Congestion

Businesses and drivers across Oregon are reporting that traffic congestion and travel delay is costing money and forcing changes in business operations and business location decisions.

Current Spending Levels

- State Highways – \$42 million per year
- Counties – about \$45 million per year
- Cities – Cities have not made a separate estimate of spending to expand capacity of city streets. About \$199 million from all sources is spent to maintain city streets.

Potential Additional Investment

- State Highways – \$100 million per year over the next 20 years
- Counties – AOC estimates that counties collectively need about \$100 million per year over the next five years.
- Cities – Cities 2016 Infrastructure Survey estimates \$3.7 billion in capital needs of all types, including projects on state highways within cities and city streets.

Additional Issues for Consideration

- Should this package include specific congestion-relief and/or highway-modernization projects or should the OTC select the projects?
- Should cost-benefit or return-on-investment be made a criterion for congestion relief projects?
- Where and how much should toll revenue be relied upon to finance congestion relief projects?
- Should there be a process for the development of mega-projects?
- Should targeted surtaxes, when allowable under the constitution, be implemented to address specific traffic bottleneck situations?
- Should cost-benefit be made a criterion when considering additional bike-ped investments?
- What additional issues require attention?

Public Transportation and Safety, including safe routes to schools, bicycle, pedestrian and road safety

Local agencies, non-profits, and private sector companies operate most of Oregon's vans, buses, and passenger rail systems, while the state plays a role in some intercity services. Local public transportation providers rely heavily on federal resources and what they can generate at the local level. State funding represents less than 5 percent of transit spending and is focused on service for the elderly and disabled.

Over the past decade, ridership has increased significantly, growing twice as fast as Oregon's population. While demand for public transportation is rising, reduced or flat local funding have been compounded by increased operational to force many providers to reduce days and hours of service, and discontinue routes.

People die or are seriously injured in crashes on Oregon's highways, roads and streets. The long-term decline in the rate of fatalities has reversed. Injuries and fatalities cost Oregonians over \$2 billion per year in hospital bills, property damage, and other impacts.

Current Spending Levels

- Local & State spending - \$756 million per year across 150 public and special transportation providers statewide
- State Highways – \$55.5 million per year, including safe routes to schools outreach and education (An estimated \$20 million per year in local funds is also spent on bikeways and sidewalks.)
- Counties – about \$10 million per year from all sources
- Cities – Cities did not make a separate estimate of spending on safe routes to schools, bike/ped or safety projects generally. About \$199 million from all sources is spent to maintain city streets.

Potential Additional Investment

- ODOT estimates an additional investment of \$108 million per year to improve Public Transportation at all levels:
 - \$40 million - Regional & Intercity Service to provide for new intercity service, to sustain passenger rail service in the I-5 corridor, and to enhance service for existing intercity connections;
 - \$40 million - Urban Transit to enhance service for existing routes;
 - \$15 million - Elderly and Disabled to expand demand-response services across the state;
 - \$5 million - Vehicle Replacement & Repair to replace buses; and
 - \$8 million - Pooled Resource for Small Providers to create statewide pooled resources to support local providers.

- ODOT estimates an additional investment to improve Safety in the following areas:
 - \$35 million per year to enhance the All Roads Transportation Safety (ARTS) program, addressing the most severe safety issues across modes on all roadways (state and local);
 - \$20 million at state and local level to fill bikeway and walkway gaps around schools and transit stops on the state and local system; completing the biking and walking system within one-quarter mile of schools and transit stops in the first 10 years;and
 - \$6 million per year in non-highway funding to enhance the Safe Routes to School program, providing traffic safety education to all graduating elementary school students.
- AOC estimates that counties collectively need an additional \$25 million per year for safety over the next five years.
- Cities 2016 Infrastructure Survey estimates \$3.7 billion in capital needs of all types, including safety projects. City needs for non-highway capital needs focus on sidewalk repair and maintenance.

Additional Issues for Consideration

- Should the State prescribe performance standards (such as, ridership, service levels or fare box recovery) for local public and special transportation service?
- What role do state and federal law and policy play in reducing fare box recovery rates for local transit providers?
- Can expansion of urban transit reduce congestion and lessen demand for more highway and street capacity?
- Are there "education" and "enforcement" measures that can be made to improve safety for all system users?
- Should a safety program be pooled and targeted to address high priority safety hazards or should money for safety be distributed by formula?
- How many schools are without sidewalks and bike paths in school access zones and how long would a focused program take to meet that need?
- Should this package include specific public transportation, bicycle and pedestrian and safety projects or should the OTC select the projects?
- What additional issues require attention?

Multimodal & Freight (aviation, port/marine, and rail)

Freight moves the Oregon economy with around 350 million tons of freight, valued at more than \$350 billion, flowing through the state each year.

Oregon's freight system consists of infrastructure and equipment that is privately owned (such as trucks, trains, containers, tracks, and marine terminals) in addition to the elements owned by the state and other public jurisdictions. Across marine, aviation, and rail, transload facilities are a key component of the multimodal freight system. These

connection points allow bulk goods and containers alike to be transferred between one or more modes, such as from truck to rail.

Improvements to Oregon's non-highway freight network over the past decade have been primarily funded through the *Connect Oregon* program, a lottery-backed bond program. Since 2005, the Legislature has approved six rounds of *Connect Oregon* totaling \$427 million, enabling significant state investments in non-highway multimodal freight transportation. Requests for *Connect Oregon* funding typically run about two dollars for every dollar of available funding, showing significant demand and unmet need.

Current Spending Levels

- *Connect Oregon* - \$21 million per year (\$42 million for the 2015-17 biennium) in bond proceeds

Potential Additional Investment

- *Connect Oregon* - bond proceeds in future biennia.

Additional Issues for Consideration

- Should *Connect Oregon* be made permanent or continue as a biennium to biennium bond authorization?
- Do we have a meaningful way of measuring the return to the state for on its investment in *Connect Oregon* projects?
- Should the project selection criteria for *Connect Oregon* be changed?
- Should bicycle and pedestrian projects remain part of *Connect Oregon* in view of categorical funding within proposal for bike/ped?
- Should provisions separate from *Connect Oregon* be made for multimodal "transload" facilities in Eastern Oregon and the Willamette Valley?
- Are there legislative measures that can be undertaken to restore container service to Oregon ports?
- What additional issues require attention?

Accountability, including legislative responses to the on-going management review of the Oregon Department of Transportation

Governor Brown and legislators called for a management and performance review of the Oregon Department of Transportation. An audit is currently being conducted and will provide a review the department's management and performance practices, staffing levels, decision-making process, alignment with legislative and policy direction and contract and project management to determine if changes can be made to improve the agency's efficiency and effectiveness. The management and performance review should be complete in February.

Additional Issues for Consideration

- Is ODOT structured in a way that allows for efficient and effective operations?
- Are the staffing levels and distribution appropriate to the tasks directed to ODOT in its statutory mandate?
- Are major stakeholders and advisory bodies -- including but not limited to the Area Commissions on Transportation (ACTs) -- engaged with ODOT, and is the advisory bodies' input being considered and valued?
- Is ODOT's process for stakeholder input easy to find and follow?
- Is the stakeholder input transparent and accessible?
- How do counties and cities solicit and evaluate stakeholder input?
- Is there inappropriate staff influence or control advisory groups created or overseen by ODOT or local government staff, or do the advisory groups function effectively with appropriate independence and autonomy?
- Are conflicts of interest at the state, county and city levels clearly identified?
- What are the means by which problems within ODOT can be appropriately conveyed to internal decision makers?
- What are the means by which problems within ODOT can be appropriately conveyed to the Commission, to the Governor and to the Legislature?
- Is there is a clear chain of command?
- Are decisions forwarded with clear authority?
- Are specific individuals identified as being responsible for the decisions for purposes of clarification and response?
- Are there procedures in place whereby employees responsible for making decisions and carrying out functions are held accountable for such decisions and actions, and are such procedures being effectively implemented?
- Are the right people at ODOT making decisions (deputy level versus Director)?
- Are decisions being made at the right level within the ODOT organization?
- Are decisions and the dissemination of decisions clearly documented?
- Is there too much concentration of authority at ODOT, leaving ACTs and advisory group's too little authority?
- What should the role of the OTC be in oversight and the decision making process?
- What are the current accountability standards that apply to State Highway Fund revenues received by counties and cities?

- Should additional accountability standards be established if additional revenue is made available to counties and cities in the future?
- How active should the OTC be in the decision making process? For example, should consent items be unbundled?
- What processes are built into the decision making process to ensure there has been an opportunity for external and internal input?
- Have any audits of ODOT, both internal and external been conducted over the last 10 years? If so, what were the findings and ODOT response?
- Was the Jobs and Transportation Act Delivered on time and on budget?
- Was OTIA III delivered on time and on budget?
- What additional issues require attention?

Revenue

Oregon pays for transportation infrastructure and services in a variety of ways.

For highways, roads and streets, the primary funding mechanisms are the State Highway Fund (\$1.0 billion per year) and federal highway funds (\$0.5 billion per year). The primary sources of State Highway Fund revenue are motor fuel taxes (44%), motor carrier taxes and fees including weight-mile taxes (28%) and driver and motor vehicle fees (28%).

The State Highway Fund and federal funds are shared resources. About 44 percent of the net State Highway Fund is distributed to counties and cities by formula. In addition, about a quarter of federal highway funds are distributed to local government; some by statutory formulas to the large metro areas, others by agreement between ODOT and the Association of Oregon Counties and League of Oregon Cities. Local sources for road and street projects include local option fuel taxes and vehicle registration fees, property tax levies, local bonds sales, transportation utility fees, system development charges, and timber severance fees.

The funding sources for safety projects and bikeways and sidewalks that are within the public right of way are the same as those for highway, road and street projects. At least one percent of State Highway Fund money – allocated to ODOT, counties and cities – must be spent for bicycle and pedestrian projects.

Aviation, bicycle and pedestrian projects that are outside of the public right-of-way, multimodal freight and rail projects are eligible for funding through the *Connect Oregon* program. *Connect Oregon* is a competitive grant program funded with lottery-backed bonds. State General Funds plus a small amount from custom license plate sales pay Oregon's share of the Amtrak Cascade passenger rail cost.

Fares pay a small percentage of the operating costs of Oregon's 150 public transportation providers. Most funding is raised locally. TriMet, Lane Transit District and a few smaller systems are primarily funded by local employer-paid payroll taxes. Salem

Transit District, Rogue Valley Transportation District and most other public transportation systems are funded by local property taxes. Federal formula funds are used to pay capital costs and, for non-urban systems, operating costs. Many specialized services for senior citizens and people with disabilities rely on the state-funded Special Transportation Fund formula program. A small percentage (about 3 percent) of the cigarette tax, ID-card revenue, fuel taxes paid on gasoline used in lawnmowers, leaf-blowers and stationary generators and State General Fund provide the resources of the Special Transportation Fund.

Potential Revenue Sources

The Governor's 2016 Vision Panel identified a "menu of options," possible revenue and financing tools that could be considered among others as part of a 2017 Transportation Plan. The "menu of options" has been organized by type below.

Fuel taxes

- Increase state gas taxes
- Temporary gas taxes
- State gas tax indexing
- Local gas tax ("surcharge" in excess of statewide tax)

Motor vehicle related fees

- Increase driver and vehicle fees
- Electric vehicle registration fees
- First-time title fees on new vehicles
- Vehicle excise tax
- Local registration fees
- Studded tire tax

Road Use Fees

- Roadway tolling
- Per-mile road user charges

General Revenues

- Lottery revenue
- Statewide property tax
- Employer/employee payroll tax
- General fund dedication
- Cigarette, alcohol, and cannabis tax
- Bicycle excise taxes
- Carbon taxes

Finance tools

- Bonding
- Public private partnerships

Additional Issues for Consideration

- How much should bond proceeds be used to finance the 2017 Transportation Plan?
- Which revenue sources can be spent on which type of improvement or program?
- How much does each source raise?
- What are the impacts on different user groups
- To what extent should toll revenues be relied upon to address congestion?
- What additional issues require attention?
- What are the total publicly imposed additions to the cost of fuel?