

State Transportation System Needs

Funding Safety, Maintenance, and Operations

February 22, 2024

Joint Committee on Transportation

Oregon Department of Transportation

Roadmap

- Agency Mission & Funding Challenges
- Investment Priorities & Scope
- Service Functions
- Safety System Investments
- Fulfilling HB 2017 Commitments
- Rebalancing Highway Cost Responsibility
- Investment Needs & Options for the Future



A Broad Scope

ODOT strives to:

- Maintain Oregon's state highways, roads, and bridges.
- Ensure a safe system through education, investment, and regulation.
- Develop a connected multimodal statewide network.

The core functions ODOT delivers keeps Oregon moving, keeps communities connected, and serves Oregonians.

Oregon Transportation Plan Vision:

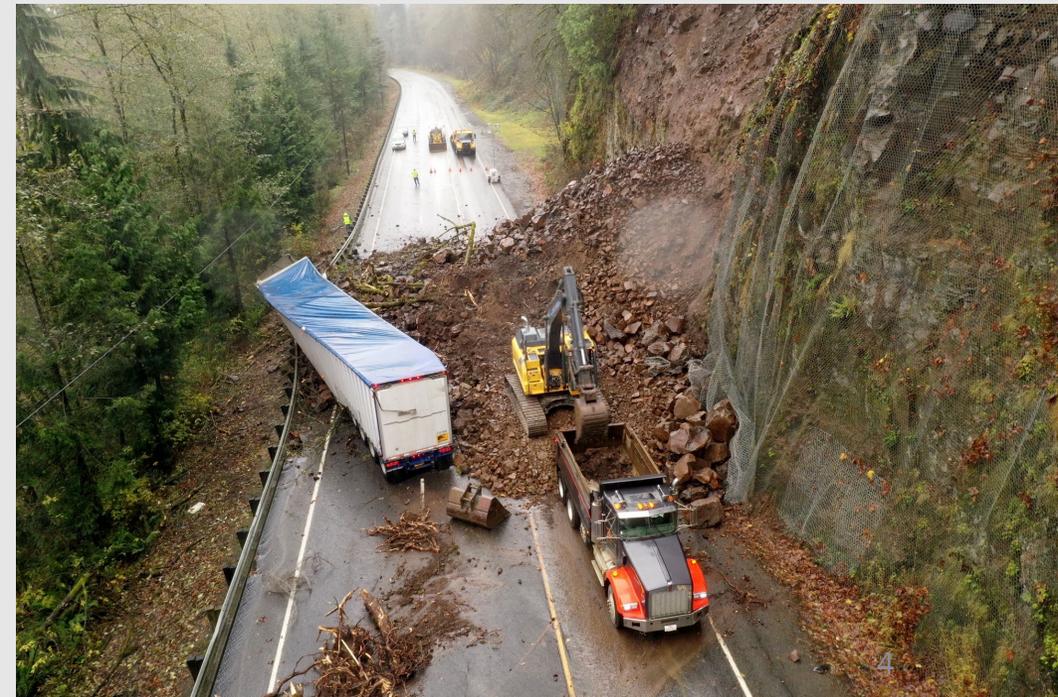
- Connect people and goods to places in the most safe, equitable, and climate-friendly ways.



Investments on a state level will lead to improvements and increased services across the state for all system users.

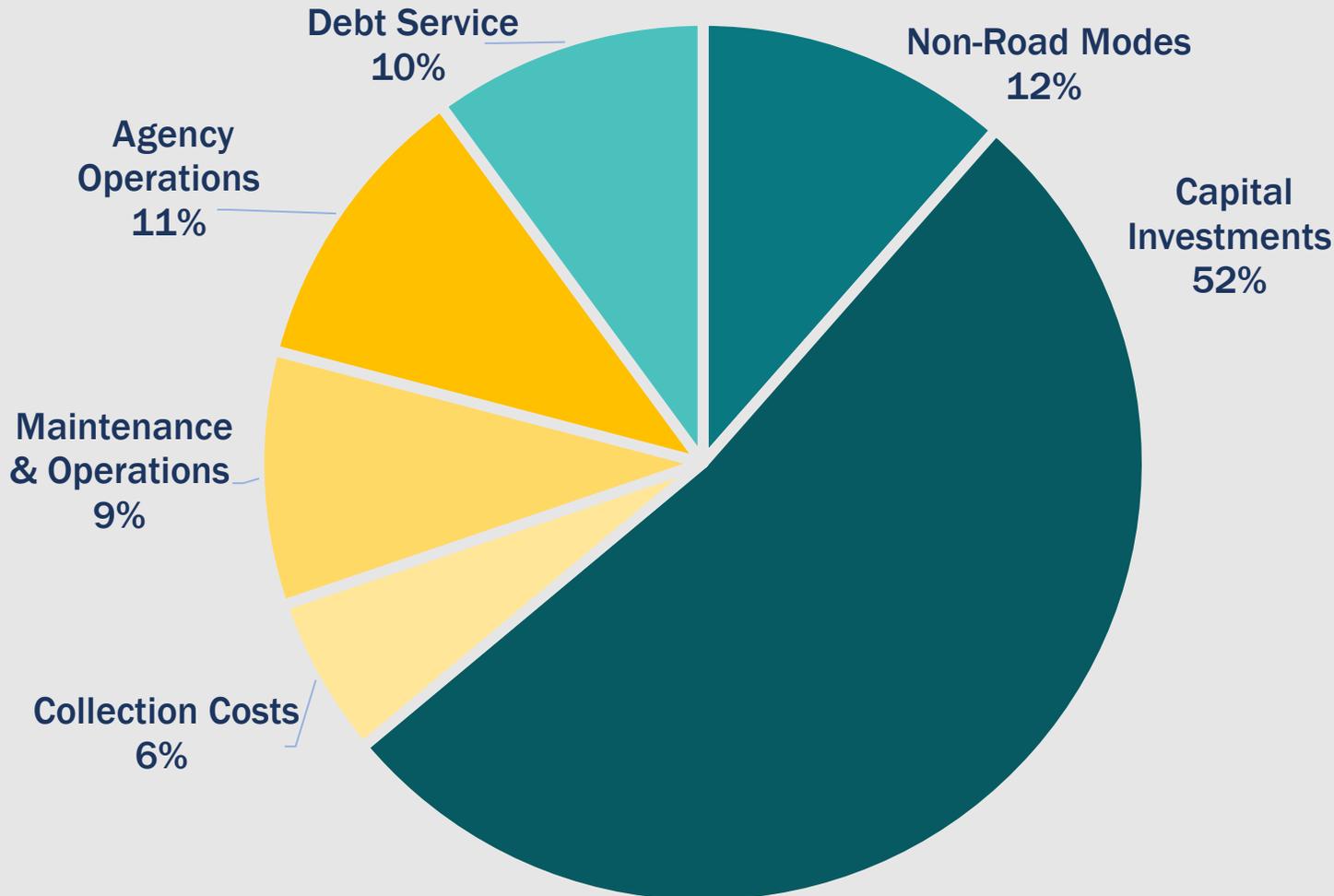
Our Priority Focus

- Delivering core critical services.
- Enhancing safety for all modes and users.
- Building structural revenue stability and resiliency for the future.
- ODOT's investment focus:
 - **First:** Service restoration and safety.
 - **Next:** Enhancements and capital improvements.



2023-25 ODOT Legislative Budget

\$6.1 Billion in Expenditures



Capital Investments

Bridges, Pavements, Signals, Safety Improvements, System Enhancements

Non-Road Modes

Public Transportation, Transportation Safety, Rail

Collection Costs

Fuels Tax, Commerce & Compliance, DMV

Debt Service

Debt service payments from all funding sources.

Maintenance & Operations

Staff, equipment, and materials

Agency Operations

Staff and support for daily operation, indirect costs

State Highway Fund Challenges

- **Inflation erodes** all State Highway Fund revenue streams.
- **Growing fuel efficiency** is making the **fuels tax less reliable**.
- State and federal **laws limit how ODOT can spend** available funding on operations and maintenance.
- ODOT faces a significant **structural shortfall for operations and maintenance** now and into the future.
- Cost responsibility between light and heavy vehicles is currently **unbalanced**.



State Highway Fund Structural Funding Challenges



Future Fuels Tax Revenue Decline

- The average driver consumes almost **25% less fuel per year** than 10 years ago. At today's rate, that's over **\$40 less per year** in gas tax paid per vehicle.



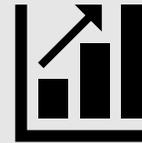
Reliance on Few Sources of Revenue

- Oregon **does not utilize inflation-resistant** funding mechanisms to support transportation system needs.



Rigid Statutory Structure

- About **80% of DMV fees** go to local governments and state highway construction projects and can't be spent on delivering DMV services.
- **Less than 3%** of additional taxes and fees raised by HB 2017 went to state highway maintenance and operations.



Rise of Record Inflation

- Since 2017, the National Highway Construction Cost Index has **increased by over 80%**.
- Equipment costs have **increased about 25%** in the past four years.
- Paint costs **have increased over 30%** in the last four years.

Investment Priorities & Scope

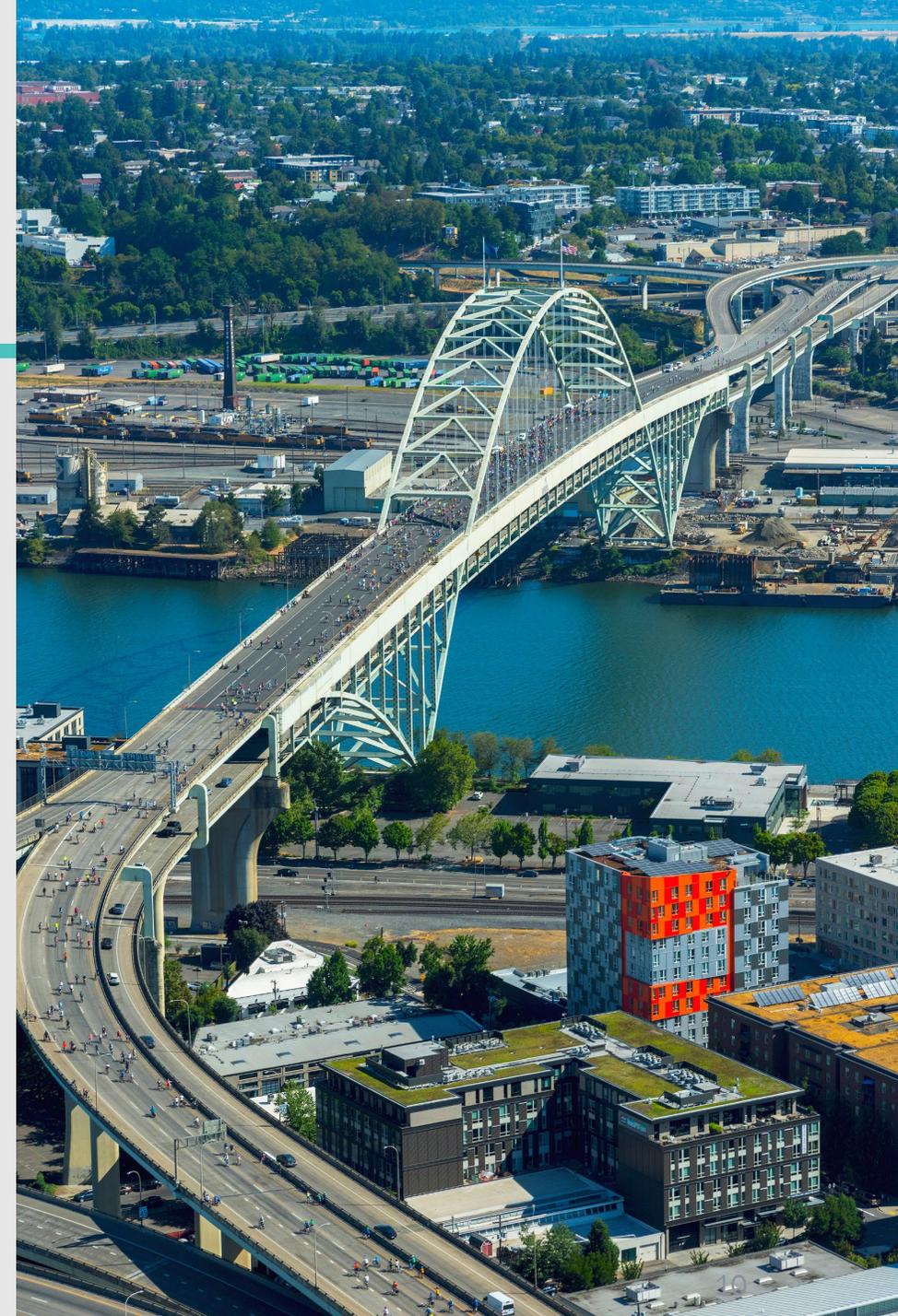
Future Needs

- Increasingly **insufficient and unreliable revenue** will force future service cuts.
- With sufficient and reliable funding, ODOT would first prioritize:
 - Restoring essential **maintenance services**.
 - Improving **customer service** gaps.
 - Addressing **safety** issues.
 - Fulfilling **HB 2017 commitments**.
- To maintain our existing transportation system, **structural revenue reform is needed**.



Overarching Approach & Scope

- ODOT's **approach** in determining core investments focuses key components that keep the agency running and **able to serve Oregonians**.
- **Safety is a top priority** and a key driver in our investment priorities.
- The **scope** of core investments only includes **State Highway Fund** eligible services and functions.
- The **scope excludes**:
 - Needs of local systems (city and county jurisdiction)
 - Needs for agency components with **alternative (non-SHF) revenue** sources. (e.g., transit, Connect Oregon, off-system bike/ped, capital improvements).



ODOT's Core Investments

ODOT's core investments are focused on the primary services and functions that **keep the agency running, maintain our transportation system, and keep people safe.**

- **Service Functions**
 - Customer Service & Regulation (DMV & CCD)
 - Agency Operations
 - Maintenance & Operations
- **Safety System Investments**
 - Preservation
 - ADA upgrades
 - Programmatic & Systemic Investments
 - Safe Routes to School Infrastructure
 - Completing the On-Road Bicycle and Pedestrian Network
 - Great Streets Program
 - On-Road Freight Infrastructure
- **Fulfilling HB 2017 Commitments**
 - I-5 Rose Quarter Improvement Project
 - I-205 Improvements Project



Assumptions & Methodology

Methodology: focused on **identified core functions** that are **State Highway Fund supported**. **Assumptions:** based on **expected available revenue** in 2025-27 biennium and additional needs that were not considered in 2017-19.

All needs estimates **over \$25 million** are **rounded to the nearest \$5 million**.

Service Functions

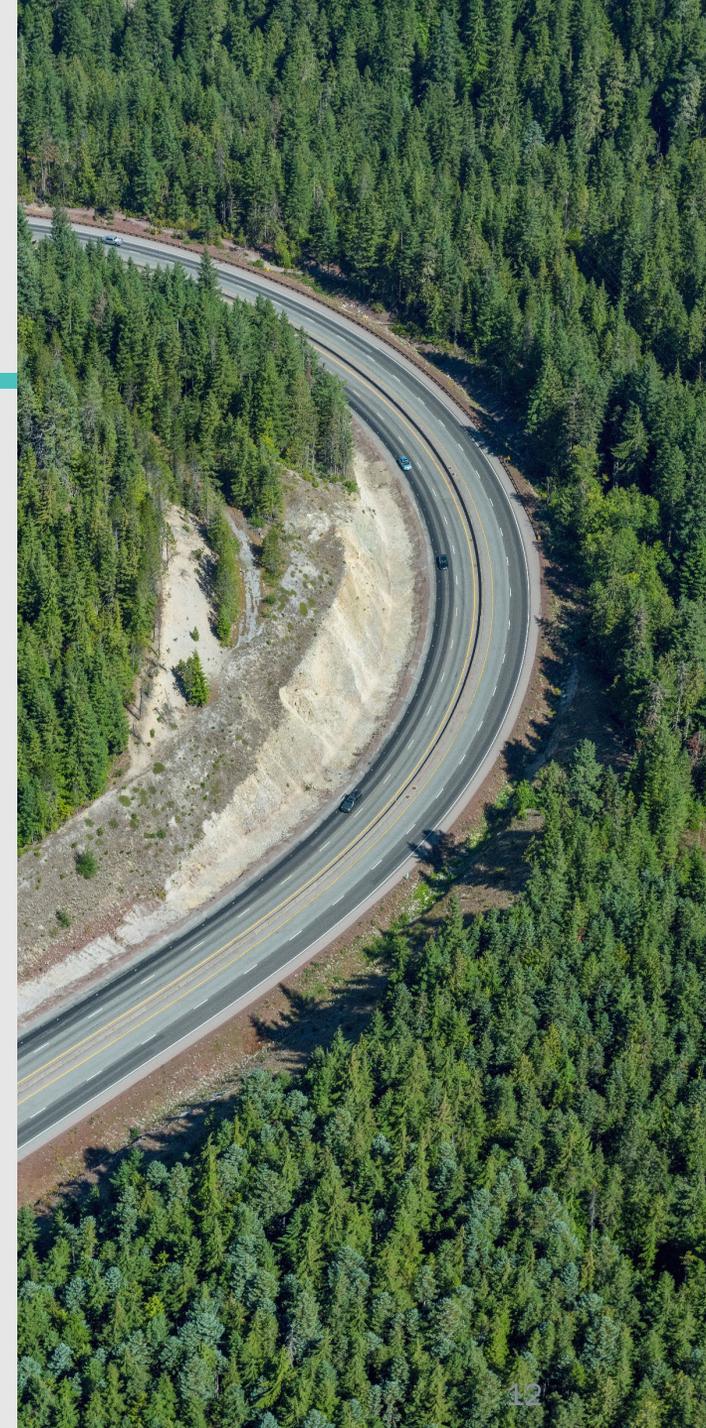
- **Estimated total annual funding need:** 2017-19 biennium service level *plus* additional needs for higher service levels.
- **Estimated funding gap:** Total annual funding need *less* expected available 2025-27 revenue.

Safety System Investments

- **Estimated total annual funding need:** Based on service levels, adopted policy outcomes, and oversubscribed programs.
- **Estimated annual funding gap:** Total funding investment need *less* available revenue.

Fulfilling HB 2017 Commitments

- **Total project costs:** Estimates within the UMS Finance Plan (July 2023).
- **Estimated funding gap:** Total projects costs *less* available revenue.



Service Functions

Customer Service & Regulation (DMV)

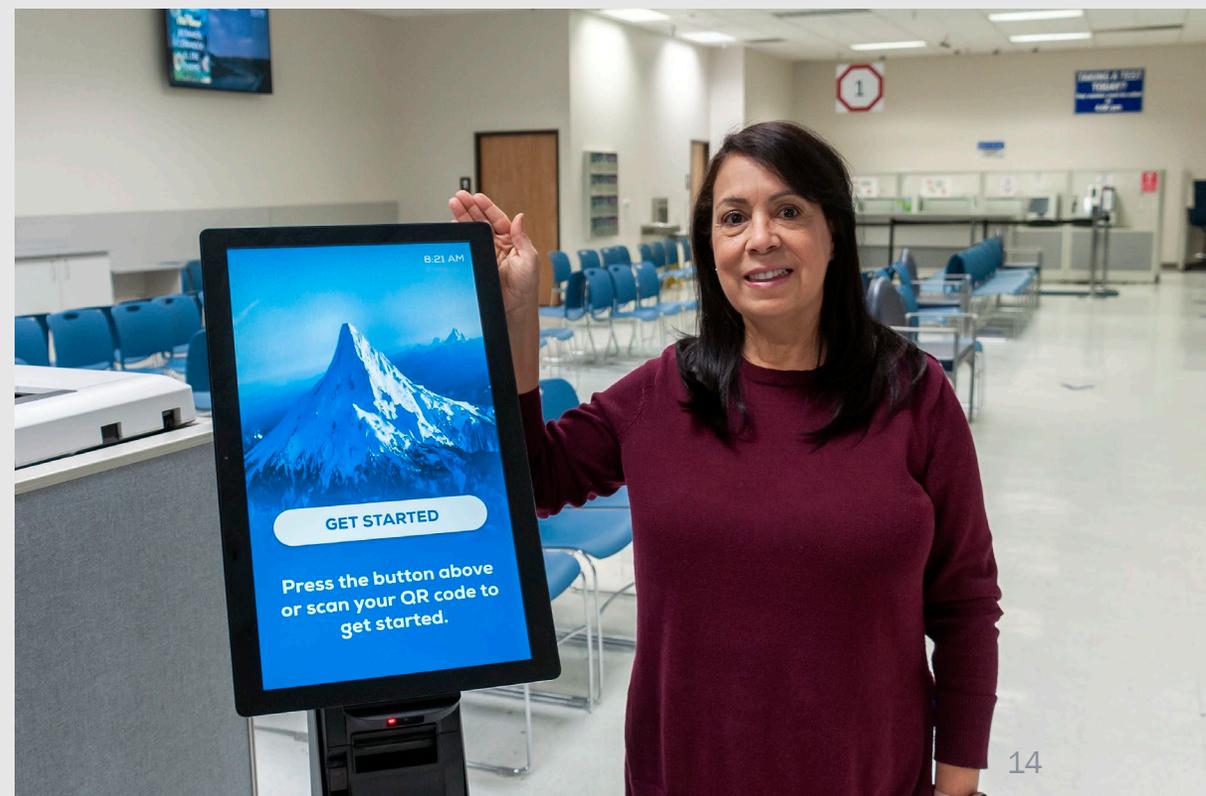
The **Driver & Motor Vehicle Services (DMV)** division provides essential customer service for millions of people each year.

- DMV's Customer Contact & Call Center takes **1.7 million customer contacts** a year.
- **2 million+ field office customers** each year.
- DMV has about the same number of employees as it did 20 years ago—while Oregon's population has **grown by 20%** over the same period.

With an increase in funding, ODOT would prioritize addressing essential needs and filling service gaps.

- Increase field office and call center staff to decrease wait times and keep offices open.
- Set up mobile DMV services and mobile offices.

Estimated annual need: \$170 million
Annual funding gap: \$50 million



Customer Service & Regulation (CCD)

The **Commerce and Compliance Division (CCD)** regulates commercial vehicles, collects tax revenue, and provides direct customer service to commercial drivers and carriers.

With an increase in funding, ODOT would prioritize addressing essential needs and filling service gaps.

- Increase customer service capacity and enhance self-service availability.
- Maintain roadside size and weight enforcement infrastructure.
- Update and enhance the weigh-in-motion and vehicle screening systems utilizing modern trucking technology.

Estimated annual need: \$60 million
Annual funding gap: \$25 million



Agency Operations

Agency Operations includes the **people and support functions essential to daily operation** and administration of the agency, including costs not directly attributed to specific projects.

- ODOT supports **\$1 to \$1.5 billion annual contract value**, supports over **350 information systems**, and owns and maintains **1,179 buildings**.
- Staff across ODOT perform planning and design, community engagement, research and data collection, ombuds/constituent services, and other efforts that are indirectly funded within Agency Operations.

With an increase in funding, ODOT would prioritize addressing essential needs and filling service gaps.

- IT security updates and replace obsolete IT systems.
- Reverse staffing reductions; clear backlog of services.
- Restore reduced support levels in fundamental back-office services.

Estimated annual need: \$450 million
Annual funding gap: \$170 million



Maintenance & Operations

Maintenance and operations includes the **day-to-day costs for staff to maintain, monitor, and repair** Oregon's multimodal transportation system.

- Responsible for about **8,000 miles of road** and **2,770 bridges** across the state.
- Approximately **1,000 staff** locally based in **88 communities** statewide.
- Includes system-wide **incident and emergency response**.

Adequate funding will allow ODOT to prioritize essential needs and service gaps.

- Investment **aligned with inflation** to meet service level needs.
- Ensure resources can **retain our capabilities** into the future.

Estimated annual need: \$450 million
Annual funding gap: \$205 million



Service Functions Total Funding Need

Breakdown of Total Estimated Need = \$1,130,000,000



● Current annual funding gap: \$450,000,000

Safety System Investments

Preservation

The Preservation Program includes project investments to repair and replace **bridge, pavement, culvert, and signal infrastructure** to ensure long term performance.

- **Pavement cycle:** Current cycle is every **50 years**; the recommended cycle is every **20 to 25 years**.
- **Bridge repair/replacement cycle:** Current cycle is every **900 years**; the recommended cycle is every **50 to 100 years**.

Adequate funding will allow ODOT to prioritize **essential system needs, asset management, and service gaps**.

- Improving average paving cycle time to every **20 years** instead of every **50 years**.
- Improving average bridge life cycle to **100 years** instead of **900 years**.
- **Seismic upgrades** for I-5 and I-84 bridges.

Estimated annual need: \$1,250 million
Annual funding gap: \$980 million



ADA Investments

ODOT entered into a 15-year Settlement Agreement (2017) with the Association of Oregon Centers for Independent Living to bring nearly 26,000 curb ramps to current ADA standards and improve pedestrian signals.

- To date, ODOT has upgraded nearly **9,000** of the identified curb ramps required for upgrade by 2032.
- **3200** ramps currently in design phase, set for construction by 2025.
- **Funding sources:**
 - \$20 million federal COVID relief funds
 - \$637 million federal GARVEE bonds
 - \$943 million STIP funds (federal formula funds over multiple years)
- **Estimated project cost:**
 - \$1,600,000,000 for ADA curb ramp improvements.
 - \$200,000,000 for pedestrian crossing signals.



Programmatic & Systemic Investments

Safety is foundational to ODOT's mission, but our current investment structure is insufficient to address the need.

- The Oregon Transportation Plan calls for a **Safe System approach** to **eliminate fatalities and serious injuries**.

Increased funding would support focused investments in high-crash and risk locations.

- All Roads Transportation Safety Program
- Road Safety Audits program
- Critical Pedestrian Crossings
- Wildlife Passage
- Speed Limit Setting

Estimated annual need: \$200 million
Annual funding gap: \$145 million



Safety Investments

Safe Routes to School Infrastructure

- Supports access to education through safe biking and walking routes.
- SRTS infrastructure program is currently oversubscribed about 2.5:1.
- **Estimated annual need:** \$50 million
- **Annual funding gap:** \$35 million

Completing the On-Road Bicycle and Pedestrian Network

- Fill existing network gaps.
- Additional funds would help complete the network within the next ~30 years.
- **Estimated annual need:** \$135 million
- **Annual funding gap:** \$115 million



Safety Investments

Great Streets Program

- Addresses multiple corridor needs within a single project.
- A holistic approach focusing on safety, equity, and climate.
- **Estimated annual need: \$65 million**
- **Annual funding gap: \$45 million**

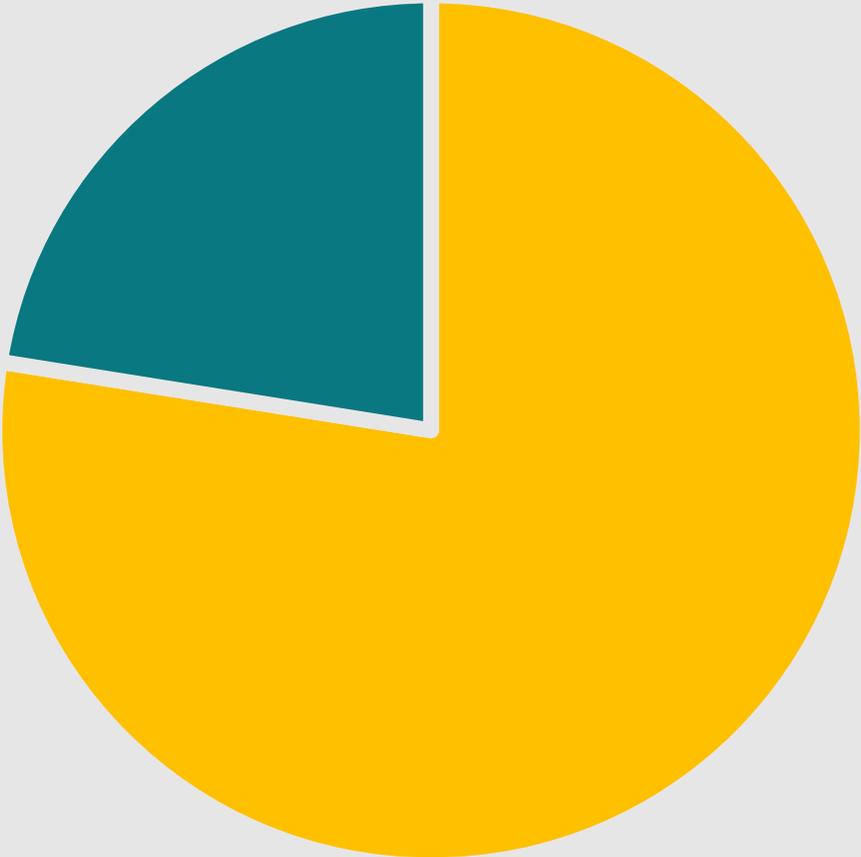
On-Road Freight Infrastructure

- Nearly all rest areas along Oregon's interstates lack adequate truck parking capacity.
- Upgrades are needed to improve safety at rail crossings.
- **Estimated annual need: \$12 million**
- **Annual funding gap: \$8 million**



Safety System Investments Total Funding Need*

Breakdown of Total Estimated Need = \$1,712,000,000



- **Current annual funding gap \$1,328,000,000**

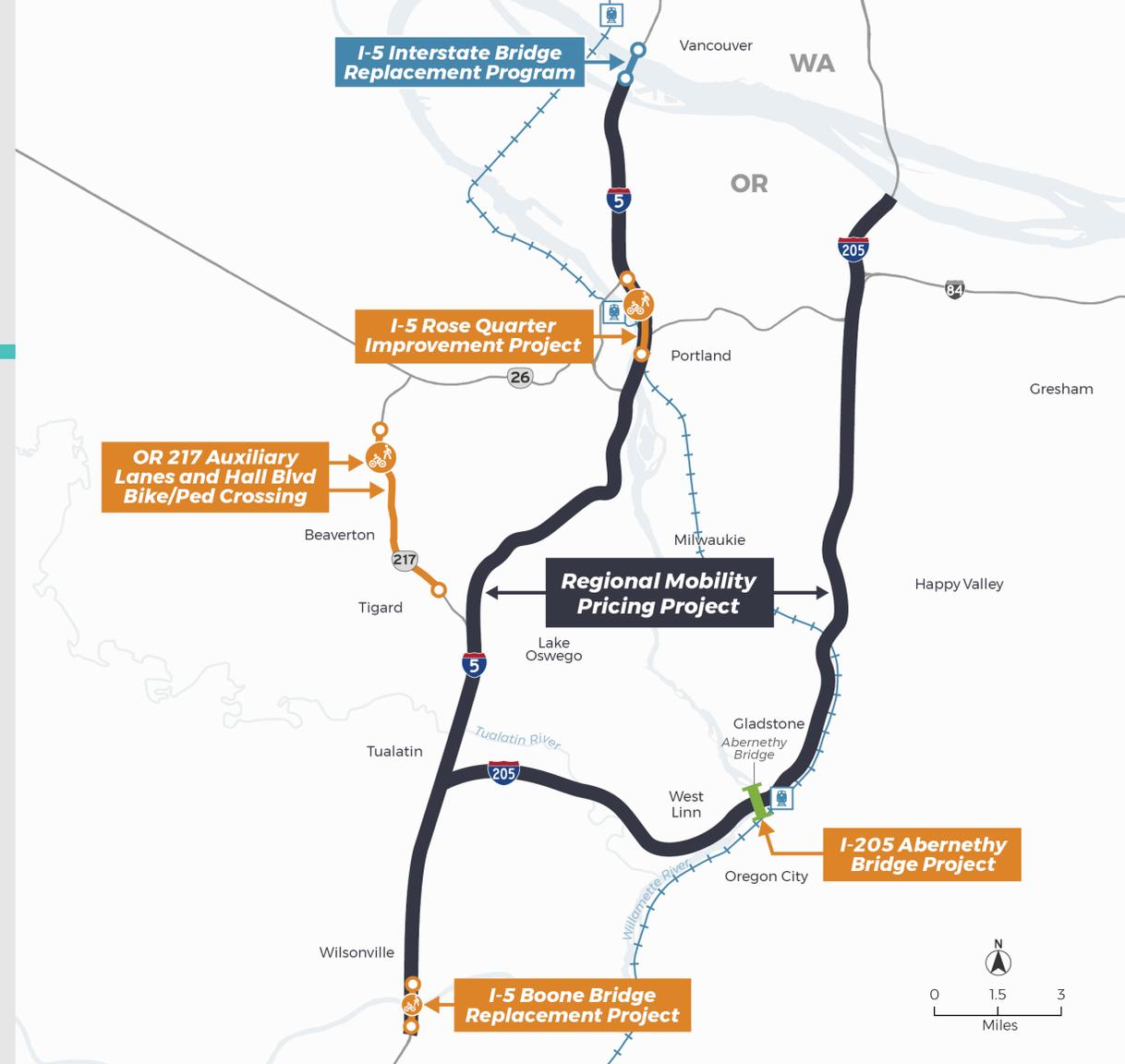
*The pie chart does not include ADA investments, which are federally funded.

Fulfilling HB 2017 Commitments

Urban Mobility Strategy

The I-5 Rose Quarter Improvement Project and the I-205 Improvements Project are two signature projects directed in HB 2017 and core components of ODOT's Urban Mobility Strategy.

- The largest barrier to completing both projects remains increasing costs.
- The Urban Mobility Strategy has **three identified funding sources**:
 - **HB 2017 funds.** HB 2017 will provide a total of ~\$560 million in total cash and bond proceeds.
 - **Toll revenue.** Anticipated 2026.
 - **Other federal, state, and local funds.** As of June 2023, \$157 million in other funds have been made available for UMS projects.



Urban Mobility Strategy Map

ODOT Projects

- System Improvement Project
- Bike/Pedestrian Crossing Project

- Regional Mobility Pricing Project*
- I-205 Toll Project

Partner Project with ODOT Support

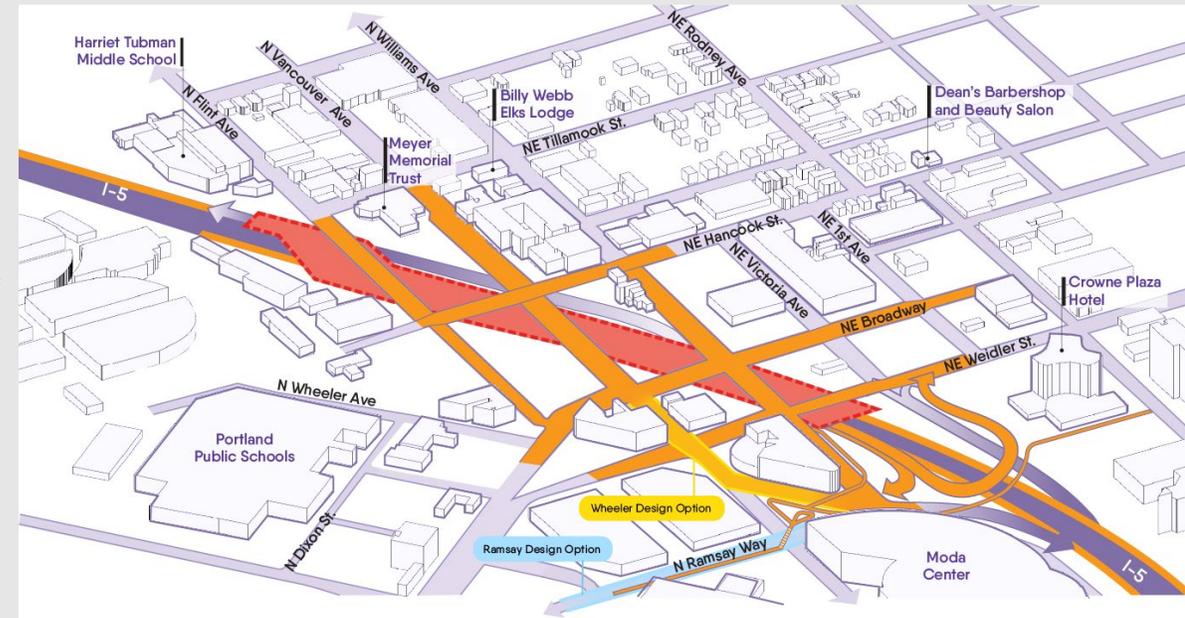
- System Improvement Project
- Amtrak Cascades - Expanded daily service between Portland and Seattle

* The exact locations where tolls will be applied on I-5 and I-205 as part of the Regional Mobility Pricing Project will be determined during the federal National Environmental Policy Act (NEPA) process.

I-5 Rose Quarter Improvement Project

The project addresses one of the worst highway bottlenecks in the nation to improve safety and congestion where three major interstates converge and support reconnecting the Albina neighborhood through the construction of the state's first highway cover over a portion of I-5.

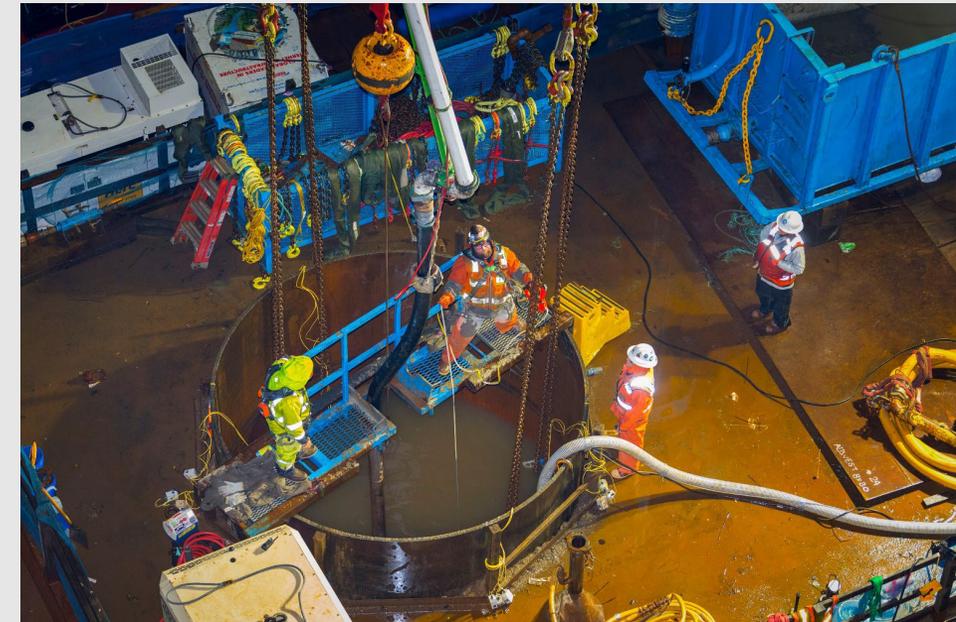
- **Estimated total project cost:** \$1.7 - \$1.9 billion
- **Estimated funding gap:** \$1.54 - \$1.74 billion
- **Potential additional resources:**
 - Federal competitive grants. \$850 million federal grant application currently under federal review.
 - Additional state funding.
 - STIP funding.
 - Additional tolling revenue.



I-205 Improvements Project

The Project upgrades the I-205 Abernethy Bridge to withstand a major earthquake, widens the bridge for a future third travel lane, makes safety improvements, and implements a toll on I-205.

- **Estimated total project cost:** \$1.29 billion - \$1.36 billion
 - Phase I, I-205 Abernethy Bridge: \$660 million (2022)
 - Phase II, Additional lane: \$550 to \$600 million (2025)
 - I-205 Toll Project: \$80-100 million
- **Estimated funding gap:** \$545 - 615 million
- **Potential additional resources:**
 - STIP Funding.
 - Federal competitive grants.
 - Additional state funding.
 - Additional tolling revenue.



Urban Mobility Strategy Project Costs & Funding

| Project | Estimated Total Cost | Available Resources | Total Funding Gap |
|--------------------------------------|----------------------------------|--|----------------------------------|
| I-205 Improvement Project | \$1,290 - \$1,360 million | \$745 million | \$545 - \$615 million |
| ➡ I-205 Abernethy Bridge | \$660 million | \$660 million (includes ~\$385M in anticipated tolling revenues) | \$0 |
| ➡ I-205 Phase 2 | \$550 - \$600 million | \$0 | \$550 - \$600 million |
| ➡ I-205 Tolling Project | \$80 - \$100 million | \$85 million | \$0 - \$15 million |
| I-5 Rose Quarter Improvement Project | \$1,700 - \$1,900 million | \$160 million | \$1,540 - \$1,740 million |
| I-5 Boone Bridge | \$600 - \$725 million | \$5 million | \$595 - \$720 million |
| Regional Mobility Pricing Project | \$200 - \$250 million | \$65 million | \$135 - \$185 million |
| Toll System Implementation | \$115 million | \$115 million | \$0 |
| TOTALS | \$3,905 - \$4,350 million | \$1,090 million | \$2,815 - \$3,260 million |

Rebalancing Highway Cost Responsibility

Addressing Highway Cost Inequities

- Oregon's constitution requires vehicles pay taxes and fees proportionate to the costs they impose on the highways.
- Cost responsibility is **currently out of balance**; heavy vehicles are overpaying, and light vehicles are underpaying.
- For the Legislature's consideration, ODOT has identified **three scenarios for statutory changes** to bring cost responsibility between light and heavy vehicles back into balance.



Illustrative Options for Legislative Action

- 1. Reduce heavy rates** by ~ \$200 million per year.
 - Decrease weight-mile taxes only, reducing funds ODOT and local governments rely on for transportation needs.
- 2. Increase light rates** by more than \$500 million per year.
 - Increase light vehicle rates only.
- 3. Reduce heavy and increase light rates** by ~\$140 million each.
 - Decrease weight-mile taxes and offset with increased light vehicle rates.



Figures based on the 2023-25 HCAS.

Investment Needs & Options for the Future

Future Needs

- Increasingly **insufficient and unreliable revenue** will force future service cuts.
- With sufficient and reliable funding, ODOT would first prioritize:
 - Restoring essential **maintenance services**.
 - Improving **customer service** gaps.
 - Addressing **safety** issues.
 - Fulfilling **HB 2017 commitments**.
- To maintain our existing transportation system, **structural revenue reform is needed**.



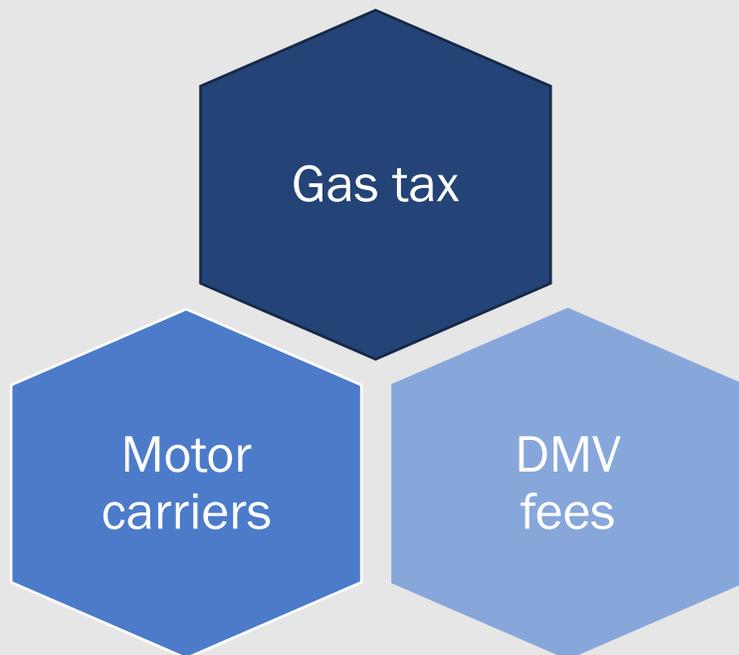
| Service | Estimated Annual Need | Annual Funding Gap |
|--|------------------------|------------------------|
| Service Functions | | |
| Customer Service & Regulation (DMV) | \$170 million | \$50 million |
| Customer Service & Regulation (CCD) | \$60 million | \$25 million |
| Agency Operations | \$450 million | \$170 million |
| Maintenance and Operations | \$450 million | \$205 million |
| Safety System Investments | | |
| Preservation | \$1,250 million | \$980 million |
| Programmatic and Systemic Safety Investments | \$200 million | \$145 million |
| Safe Routes to School Infrastructure | \$50 million | \$35 million |
| On-Road Bicycle and Pedestrian Network | \$135 million | \$115 million |
| Great Streets Program | \$65 million | \$45 million |
| On Road Freight Investments | \$12 million | \$8 million |
| TOTAL | \$2,842,000,000 | \$1,778,000,000 |

| Fulfilling HB 2017 Commitments | Estimated Total Cost | Available Resources | Total Funding Gap |
|--------------------------------------|----------------------------------|----------------------|--------------------------------|
| I-5 Rose Quarter Improvement Project | \$1,700 - \$1,900 million | \$160 million | \$1,540 - \$1,740 million |
| I-205 Improvements Project | \$1,290 - \$1,360 million | \$745 million | \$545 - \$615 million |
| TOTAL | \$2,990 - \$3,260 million | \$905 million | \$2,085 - 2,355 million |

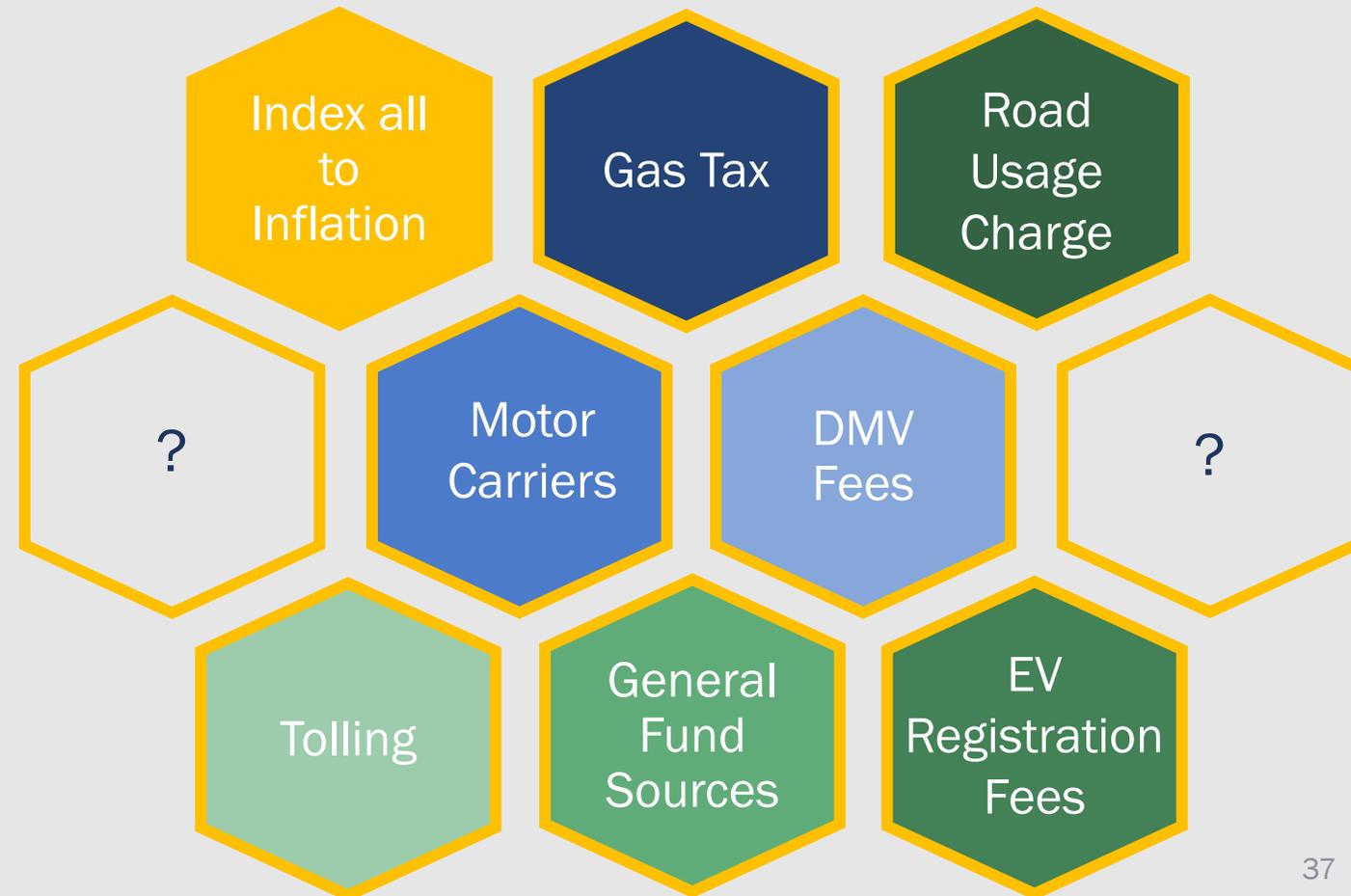
A More Diversified Revenue Portfolio

Sufficient and sustainable funding is key to maintaining and modernizing our transportation system

State Highway Fund Revenue Today



Some Options for the Future



Maintaining and Modernizing our Transportation System

With sufficient investment in the core functions of the agency, we can restore and enhance core critical services, improve safety, and build structural stability and resiliency for the future



Thank you
