# Maintenance, Preservation, & Seismic ("MPS")

## Presentation—March 20. 2017

# Work Group #1

- Sen. Winters
- Sen. Girod
- Rep. Lively
- Rep. Bentz

# PREAMBLE

- Thanks to Victor Dodier, Patrick Brennan, Tim Walker, & Paul Mather for their incredible patience!

# Will our future be this:

# OR THIS:


Lytle Blvd, near Vale

# OBSERVATIONS:

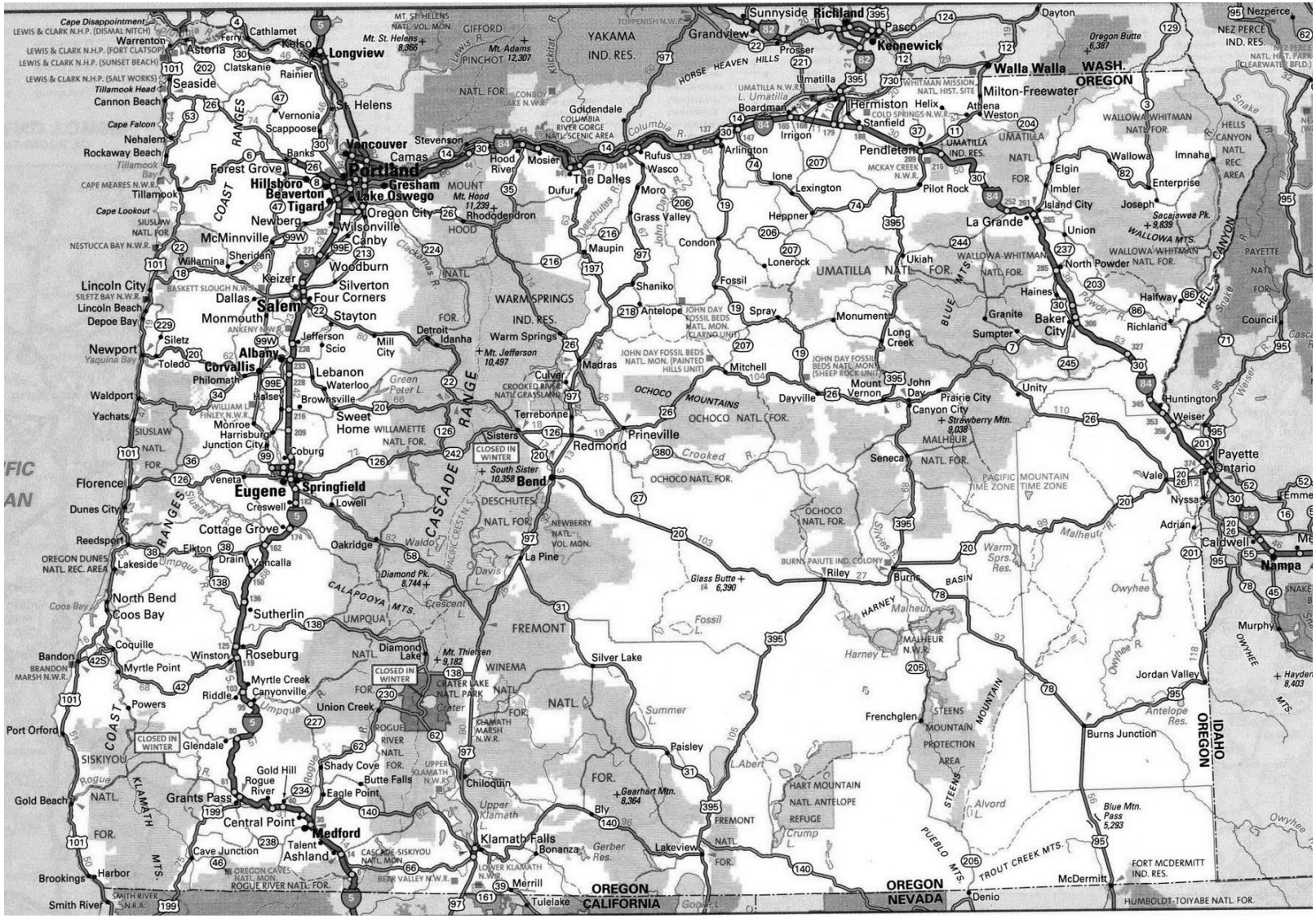
1. **Oregon's bridges are old, and the cost of bringing them up to standard is in the billions.**

2. **Cities and Counties are currently converting or planning to convert paved roads to gravel as road funding shrinks.**

3. **The State system is in better condition than our cities and counties, but without additional investment, the system's inexorable decline will accelerate.**

4. **Seismic investment is modest at best, so the State remains at enormous risk, both as to loss of life and as to risk of losing a huge chunk of its GDP because without transportation systems people cannot reach hospitals, products cannot be transported, and businesses will simply leave. (mention Ontario/Nyssa/Vale).**

# TO STATE THE OBVIOUS, ROADS ARE ESSENTIAL



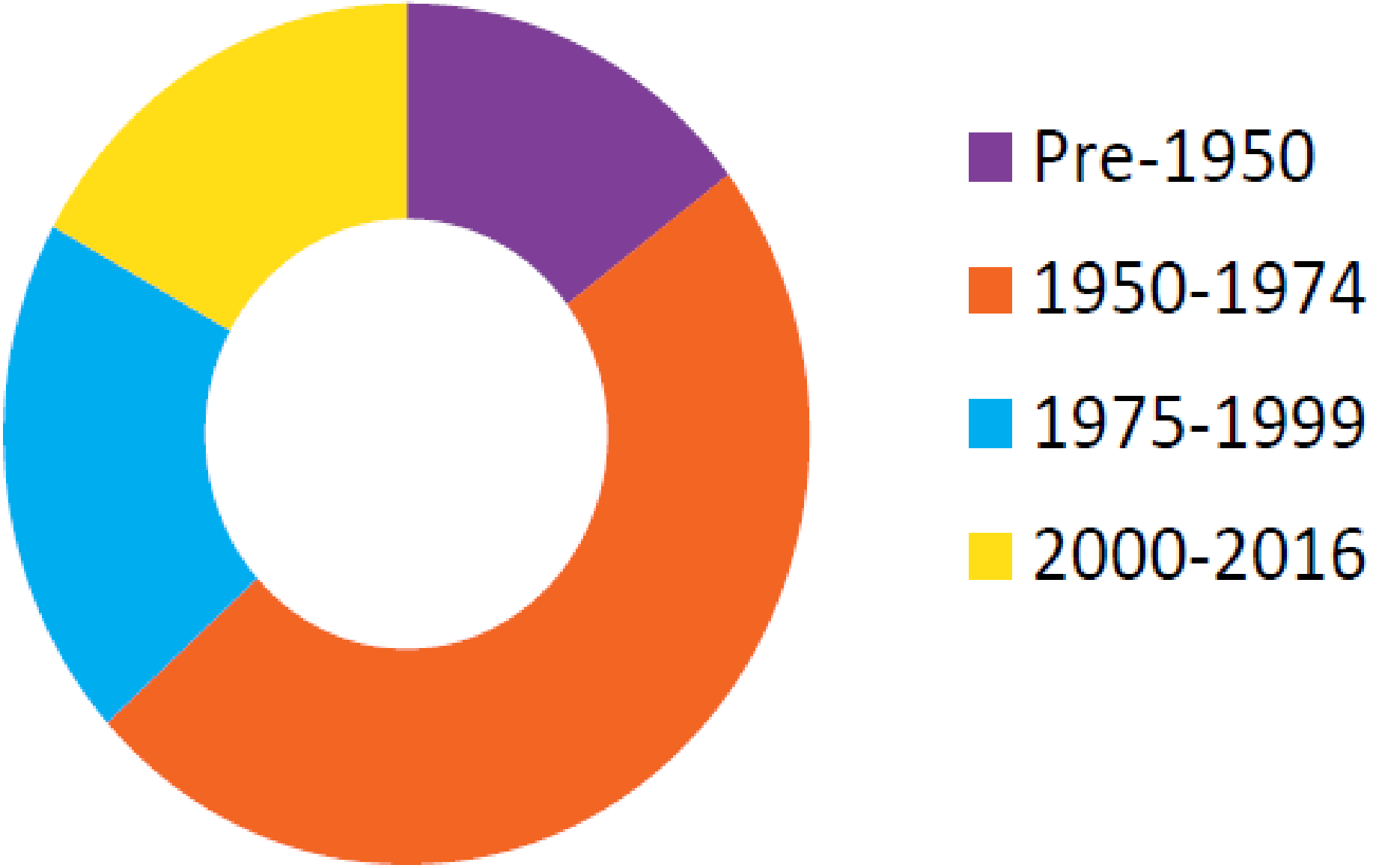
# BRIDGES ARE INDISPENSABLE

Marquam Bridge, Portland

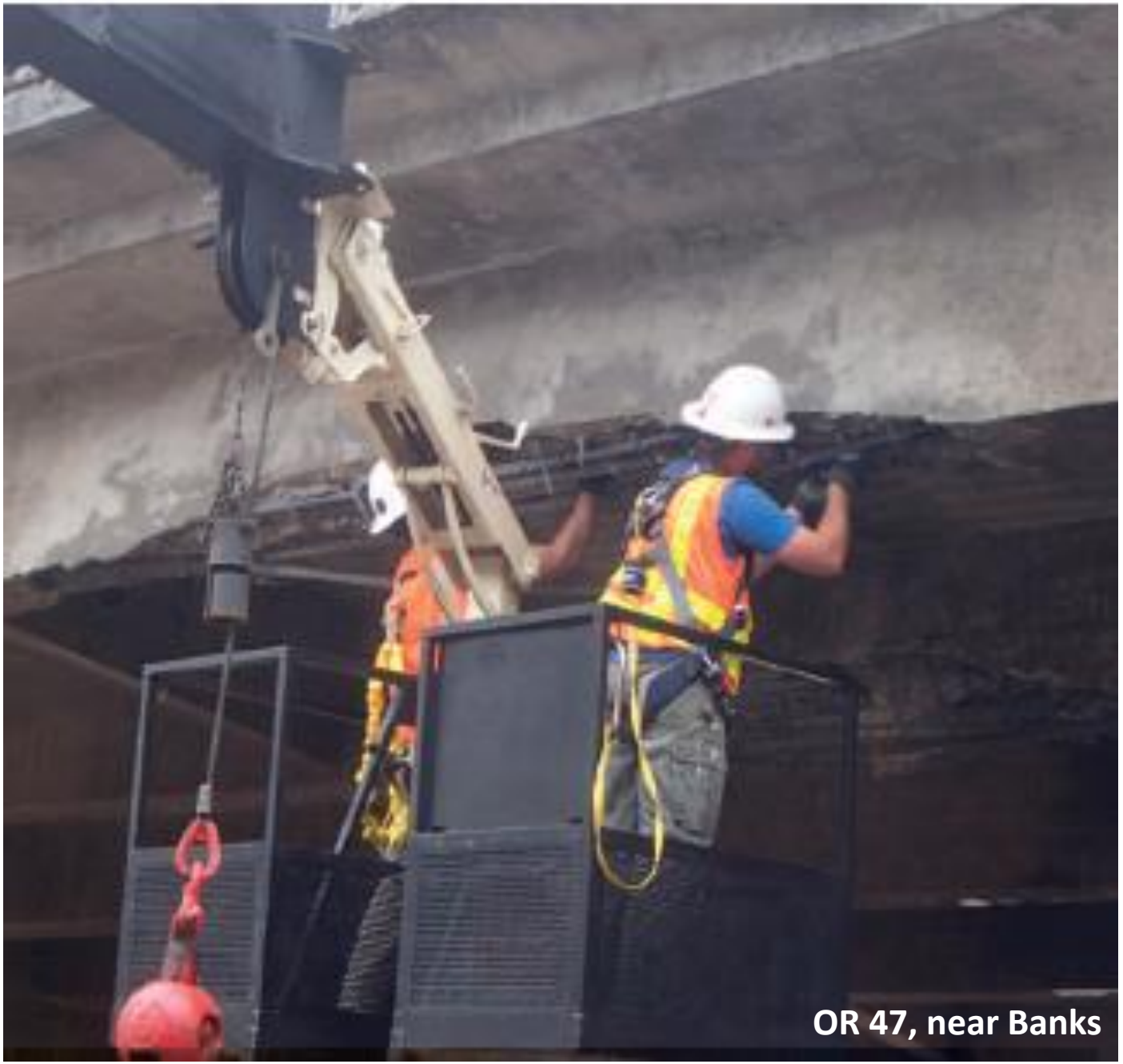
Ferry St. Bridge, Eugene

BUT
OREGON'S
ROADS & BRIDGES
ARE OLD!

# AGE OF OREGON'S BRIDGES



# AND OREGON'S HIGHWAYS AND ROADS ARE FAILING:


OR 47, near Banks

OR 47, near Banks


Hwy 380, Prineville

# What bridge is this?


Fremont Bridge, Portland


OR 99E, Portland


OR 99E, Portland

# DEFINITIONS HELPFUL IN UNDERSTANDING DESCRIPTIONS OF ROAD CONDITIONS

# Pavement Condition Classifications:

- **Very Good**
- **Good**
- **Fair**
- **Poor**
- **Very Poor**

# VERY GOOD

- Stable, no cracking, no patching, and no deformation.
- Excellent riding qualities.
- Nothing would improve the roadway at this time.

# GOOD

- Stable, minor cracking, generally hairline and hard to detect.
- Minor patching and possibly some minor deformation evident.
- May have dry or light colored appearance.
- Very good riding qualities.
- Rutting may be present but is less than ½".

# FAIR

- Generally stable, minor areas of structural weakness evident.
- Cracking is easier to detect, patched but not excessively.
- Deformation more pronounced and easily noticed.
- Ride qualities are good to acceptable.
- Rutting may be present but is less than ¾”.

# POOR

- Areas of instability, marked evidence of structural deficiency, large crack patterns (alligatoring), heavy and numerous patches, deformation very noticeable.
- Riding qualities range from acceptable to poor.
- When rutting is present, rut depth is greater than ¾".

# VERY POOR

- Pavement in extremely deteriorated condition.
- Numerous areas of instability.
- Majority of section showing structural deficiency.
- Ride quality is unacceptable (probably should slow down).
- Requires complete reconstruction or major rehabilitation.

# "PRESERVATION"

**Definition:**

**Paving, striping, reconstruction and other activities designed to add useful life to existing highways, bridges, pavements, culverts and other assets.**

# "MAINTENANCE"

**Definition:**

**Keeping existing highways safe and usable for the traveling public through such means as repair, snow and ice removal, vegetation clearance, striping, signal repair and lighting.**

# "MODERNIZATION"

**Definition:**

**Improvements that add capacity to the system.**

# "SEISMIC"

**Definition**

**Efforts to prepare for and upgrade bridges and landslides to be resilient to seismic events.**

# "DISINVESTMENT"

**Definition**

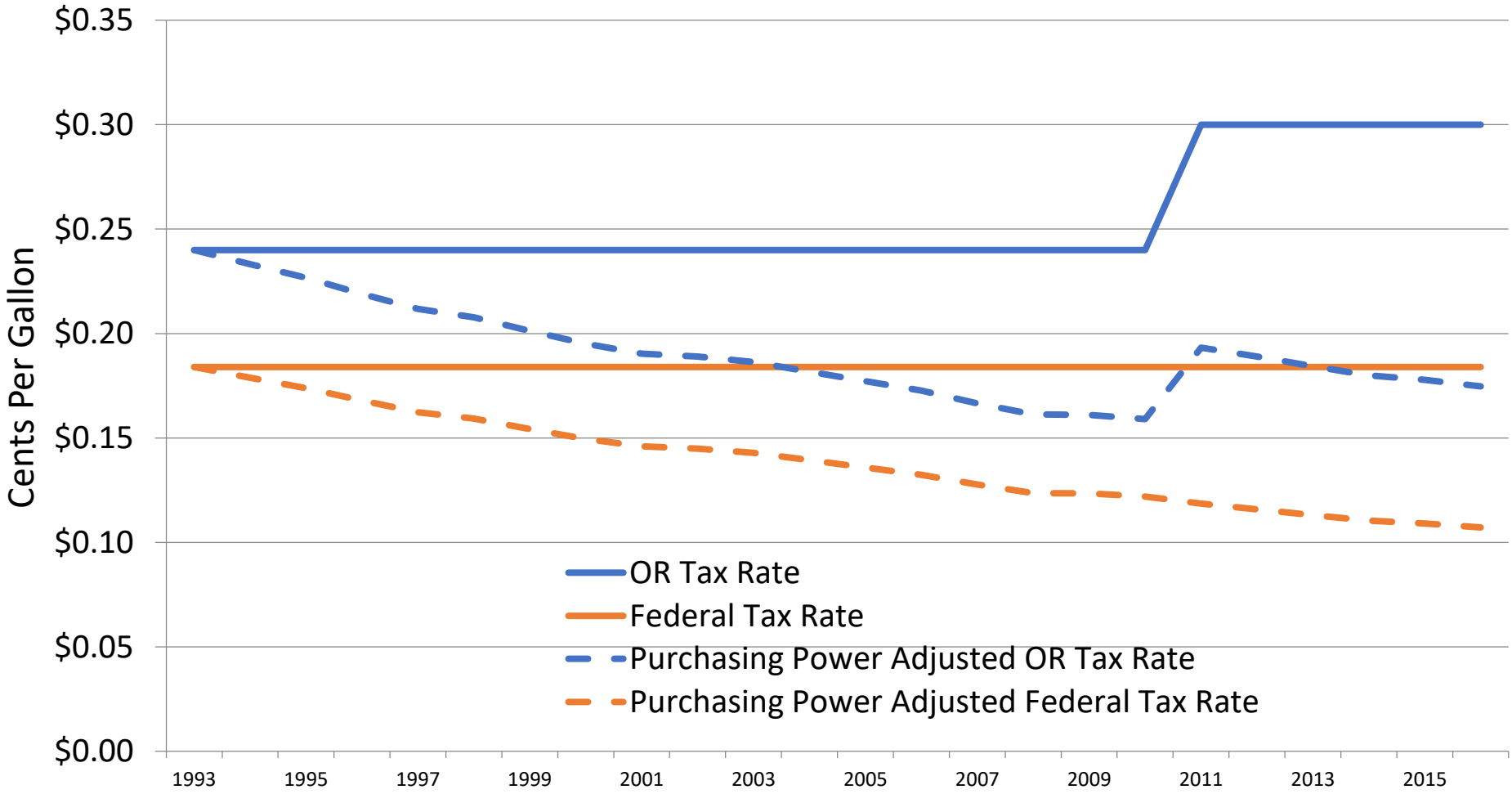
**Failing to invest as the asset is used up. The consumption of capital investment without reinvestment.**

Sadly, Oregon has failed to keep up the investment needed to keep all of its transportation assets in fair condition
aka "disinvestment"

Although Oregon has raised registration & several other fees over the 24 years since 1993, it has raised the gas tax only once (in 2009) in those 24 years.

# Gas Taxes Haven't Kept Up With Inflation

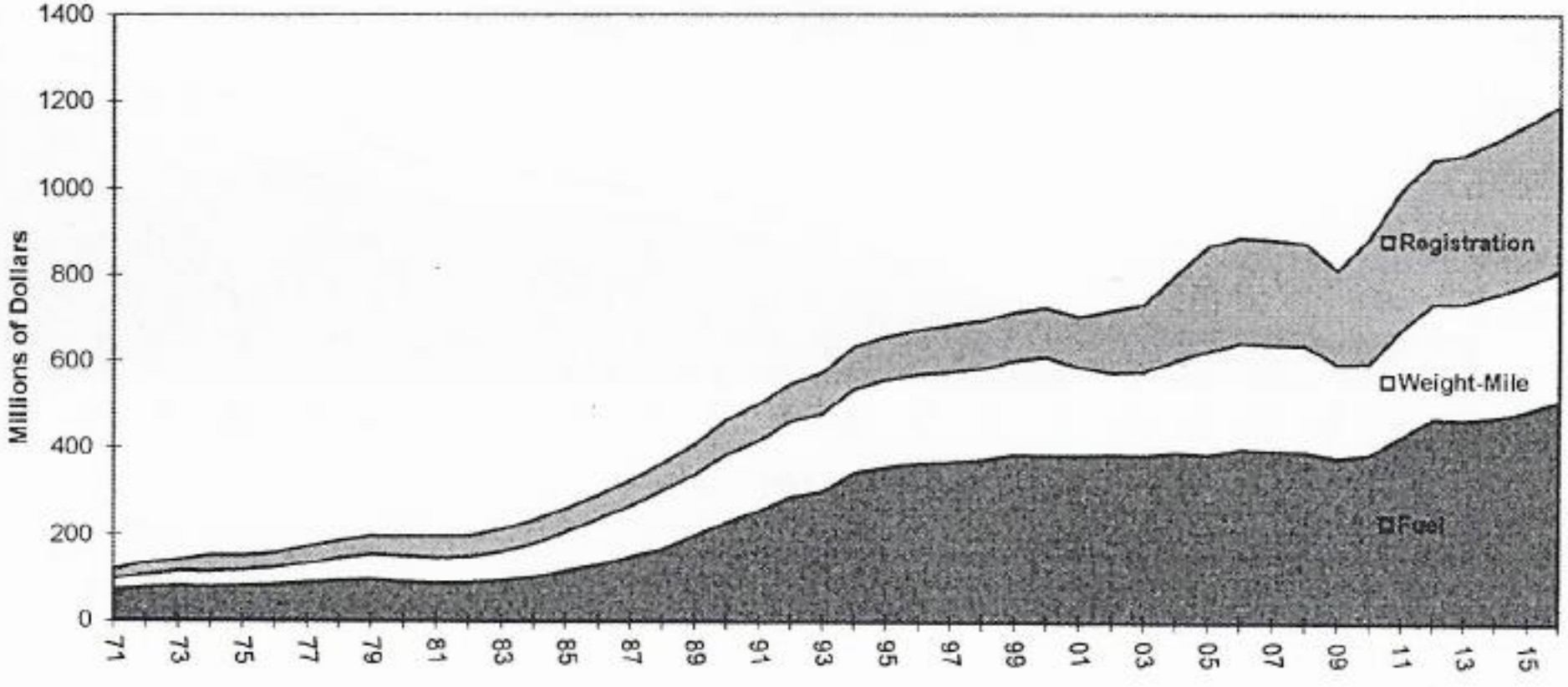
## Federal and State Gas Taxes, Nominal and Inflation-Adjusted



# OREGON'S GAS TAX HISTORY

- **1919** Oregon enacts nation's first gasoline tax of one cent per gallon. Other states (such as Colorado and New Mexico) soon follow Oregon's lead. $342,000 raised the first year.
- **1921** Gas tax raised from one to two cents by Oregon Legislature.
- **1923** Gas tax raised to three cents a gallon by the legislature.
- **1930** Gasoline tax increased from three to four cents per gallon.
- **1932** Gasoline tax adopted by Federal Government as a way to raise money for roads, thirteen years after Oregon had adopted this idea.
- **1933** Gasoline tax increased from four to five cents per gallon.
- **1943** Cities first shared in the distribution of collected gasoline taxes. Previously, only counties received a portion of the money collected. Cities' share established at 5 percent.
- **1947** Counties allocation from the state highway fund increased to 19% by the legislature. City allocation increased to 10 percent.
- **1949** Gasoline tax raised from five cents to six cents a gallon.
- **1967** Gasoline tax raised from six to seven cents a gallon, the first raise in 18 years. County apportionment increased to 20 percent and city apportionment increased to 12 percent.
- **1979** County apportionment of gas tax increased to 20.07% with city apportionment increased to 12.17% to make up for revenue loss due to repeal of fuel tax refunds to counties and cities.
- **1981** Gas tax increased from 7 cents to 8 cents per gallon.
- **1984** Gas tax increased to 9 cents per gallon.
- **1985** Gasoline tax increased to 10 cents per gallon.
- **1986** Gas tax increased to 11 cents per gallon.
- **1987** Gasoline tax increased to 12 cents per gallon.
- **1988** Gasoline tax increased to 14 cents per gallon.
- **1989** Gasoline tax increased to 16 cents per gallon.
- **1991** Gasoline tax increased to 20 cents per gallon.
- **1992** State gasoline tax increased to 22 cents per gallon.
- **1993** State gasoline tax increased to 24 cents per gallon.
- **2009** Jobs and Transportation Act sets date for raising fuels taxes.
- **2011** State gasoline tax increased to 30 cents per gallon.

## MOTOR VEHICLE AND FUEL TAX REVENUE



# MOTOR VEHICLE AND FUEL TAX REVENUES

Gross Tax Collections* (millions)

| Fiscal Year | Fuel Tax | | Weight-Mile Tax | | Registration & License | | Total Collections | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % of Total | Amount | % of Total | Amount | % of Total | Amount | Growth |
| 1970-71 | 72.7 | 60.2% | 25.9 | 21.4% | 22.2 | 18.4% | 120.8 | |
| 1971-72 | 78.6 | 58.1% | 30.4 | 22.5% | 26.3 | 19.4% | 135.3 | 12.0% |
| 1972-73 | 83.4 | 58.1% | 34.1 | 23.8% | 26.0 | 18.1% | 143.5 | 6.1% |
| 1973-74 | 80.4 | 52.7% | 36.2 | 23.7% | 36.0 | 23.6% | 152.6 | 6.3% |
| 1974-75 | 82.7 | 54.1% | 37.0 | 24.2% | 33.1 | 21.7% | 152.8 | 0.1% |
| 1975-76 | 86.1 | 54.2% | 39.3 | 24.7% | 33.5 | 21.1% | 158.9 | 4.0% |
| 1976-77 | 90.6 | 52.1% | 43.3 | 24.9% | 40.0 | 23.0% | 173.9 | 9.4% |
| 1977-78 | 95.7 | 51.1% | 50.8 | 27.1% | 40.7 | 21.7% | 187.2 | 7.6% |
| 1978-79 | 99.2 | 49.8% | 56.5 | 28.4% | 43.3 | 21.8% | 199.0 | 6.3% |
| 1979-80 | 92.4 | 46.6% | 60.1 | 30.3% | 45.9 | 23.1% | 198.4 | -0.3% |
| 1980-81 | 88.8 | 44.8% | 58.8 | 29.6% | 50.8 | 25.6% | 198.4 | 0.0% |
| 1981-82 | 90.6 | 45.4% | 60.0 | 30.1% | 48.9 | 24.5% | 199.5 | 0.6% |
| 1982-83 | 96.6 | 45.2% | 65.2 | 30.5% | 51.9 | 24.3% | 213.7 | 7.1% |
| 1983-84 | 104.9 | 44.6% | 76.4 | 32.5% | 54.1 | 23.0% | 235.4 | 10.2% |
| 1984-85 | 118.6 | 45.2% | 89.1 | 34.0% | 54.7 | 20.8% | 262.4 | 11.5% |
| 1985-86 | 132.0 | 45.1% | 105.6 | 36.1% | 55.1 | 18.8% | 292.7 | 11.5% |
| 1986-87 | 151.5 | 46.3% | 116.6 | 35.6% | 59.0 | 18.0% | 327.1 | 11.8% |
| 1987-88 | 168.3 | 46.1% | 135.0 | 37.0% | 61.6 | 16.9% | 364.9 | 11.6% |
| 1988-89 | 200.6 | 48.9% | 139.5 | 34.0% | 69.7 | 17.0% | 409.9 | 12.3% |
| 1989-90 | 231.1 | 49.5% | 155.3 | 33.3% | 80.5 | 17.2% | 467.0 | 13.9% |
| 1990-91 | 257.6 | 51.2% | 161.1 | 32.0% | 84.5 | 16.8% | 503.2 | 7.8% |
| 1991-92 | 290.2 | 52.8% | 173.2 | 31.5% | 86.2 | 15.7% | 549.6 | 9.2% |
| 1992-93 | 302.3 | 52.5% | 179.1 | 31.1% | 94.5 | 16.4% | 575.9 | 4.8% |
| 1993-94 | 345.9 | 54.4% | 191.4 | 30.1% | 98.6 | 15.5% | 635.9 | 10.4% |
| 1994-95 | 357.8 | 54.3% | 201.3 | 30.6% | 99.5 | 15.1% | 658.6 | 3.6% |
| 1995-96 | 368.1 | 54.5% | 203.3 | 30.1% | 104.1 | 15.4% | 675.6 | 2.6% |
| 1996-97 | 370.2 | 53.9% | 206.9 | 30.1% | 109.3 | 15.9% | 686.4 | 1.6% |
| 1997-98 | 375.6 | 53.9% | 209.9 | 30.1% | 111.3 | 16.0% | 696.9 | 1.5% |
| 1998-99 | 387.9 | 54.1% | 215.7 | 30.1% | 113.1 | 15.8% | 716.7 | 2.8% |
| 1999-00 | 386.4 | 53.2% | 225.4 | 31.0% | 114.6 | 15.8% | 726.4 | 1.4% |
| 2000-01 | 386.2 | 54.7% | 202.7 | 28.7% | 117.6 | 16.6% | 706.5 | -2.7% |
| 2001-02 | 388.8 | 53.9% | 187.9 | 26.0% | 144.7 | 20.1% | 721.4 | 2.1% |
| 2002-03 | 387.0 | 52.7% | 192.4 | 26.2% | 154.7 | 21.1% | 734.1 | 1.8% |
| 2003-04 | 394.0 | 49.0% | 211.0 | 26.3% | 198.5 | 24.7% | 803.5 | 9.5% |
| 2004-05 | 388.8 | 44.7% | 237.9 | 27.3% | 243.4 | 28.0% | 870.1 | 8.3% |
| 2005-06 | 401.4 | 45.1% | 243.9 | 27.4% | 245.0 | 27.5% | 890.3 | 2.3% |
| 2006-07 | 398.8 | 45.0% | 243.1 | 27.4% | 244.0 | 27.5% | 885.9 | -0.5% |
| 2007-08 | 395.6 | 45.1% | 243.4 | 27.7% | 238.4 | 27.2% | 877.4 | -1.0% |
| 2008-09 | 382.0 | 46.9% | 215.8 | 26.5% | 217.5 | 26.7% | 815.3 | -7.1% |
| 2009-10 | 389.3 | 43.8% | 210.1 | 23.6% | 290.3 | 32.6% | 889.7 | 9.1% |
| 2010-11 | 432.2 | 43.2% | 245.4 | 24.5% | 323.1 | 32.3% | 1,000.7 | 12.5% |
| 2011-12 | 472.6 | 44.3% | 264.5 | 24.8% | 330.7 | 31.0% | 1,067.8 | 6.7% |
| 2012-13 | 469.9 | 43.5% | 267.0 | 24.7% | 342.7 | 31.7% | 1,079.6 | 1.1% |
| 2013-14 | 476.0 | 42.8% | 282.8 | 25.4% | 353.5 | 31.8% | 1,112.3 | 3.0% |
| 2014-15 | 491.7 | 42.7% | 291.0 | 25.3% | 367.7 | 32.0% | 1,150.4 | 3.4% |
| 2015-16 | 513.1 | 43.0% | 300.5 | 25.2% | 378.4 | 31.7% | 1,192.0 | 3.6% |

* Exclusive of dedicated revenue such as recreational vehicle fees and custom license plates.

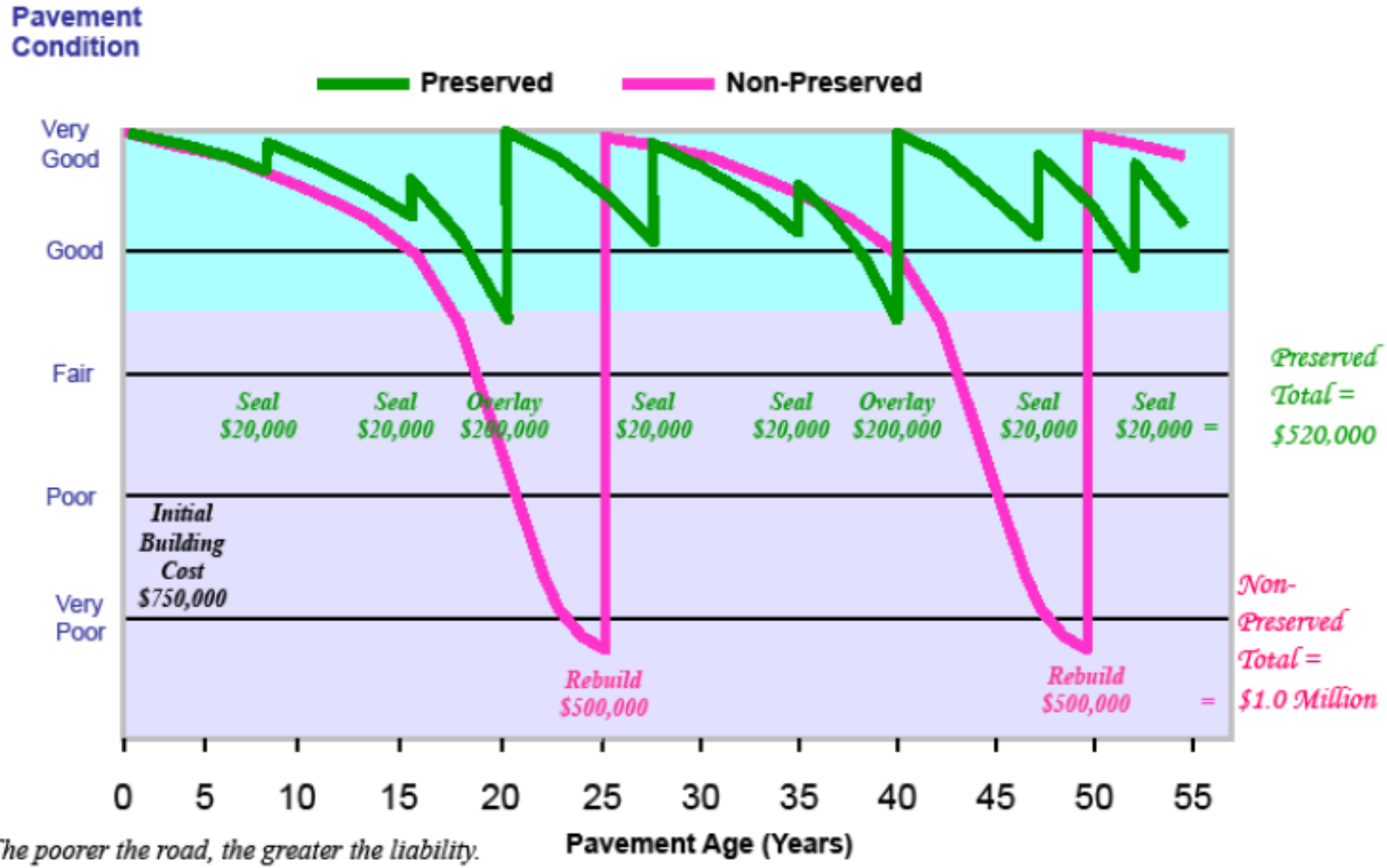
# Value of Investing Now!
# 5 Levels of Pavement Conditions:

| TIME: STATE, COUNTY, CITY | CONDITION: | COST: | COST OF FAILING TO INVEST (PER YEAR): |
|---|---|---|---|
| | • Very Good | | |
| 5 years | | | $5,000/yr |
| | • Good | | |
| 7 years | | | $15,000/yr |
| | • Fair | | |
| 5 years | | $15 | $30,000/yr |
| | • Poor | | |
| 5 years | | | $75,000/yr |
| | • Very Poor | | |

Slide prepared by Rep. Bentz's office—calculations & estimates should be verified before being quoted.

# Preserved vs Non-Preserved Road

## Cost per Mile for 2 Lane Road Over 55 years




*The poorer the road, the greater the liability.*

# What we are spending now

# Before we look at what each jurisdiction spends now,
# how do we know that money currently being spent by the state, counties, and cities is being spent wisely?

Perhaps by looking at those accountability protections currently in place.

# State Spending Accountability Framework

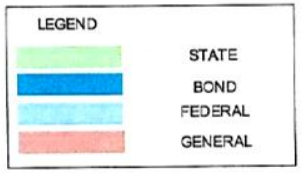
1. **Ways & Means Budget Process**
2. **The Oregon Transportation Commission Oversight**
3. **Legislative Committee Inquiries**
4. **Oregon Secretary of State Audits**
5. **User (Driver) Complaints**
6. **Federal Oversight of Projects**
7. **The Press**

# CURRENT STATE BUDGET

# SOURCES AND USES OF FUNDS

## DEPARTMENT OF TRANSPORTATION

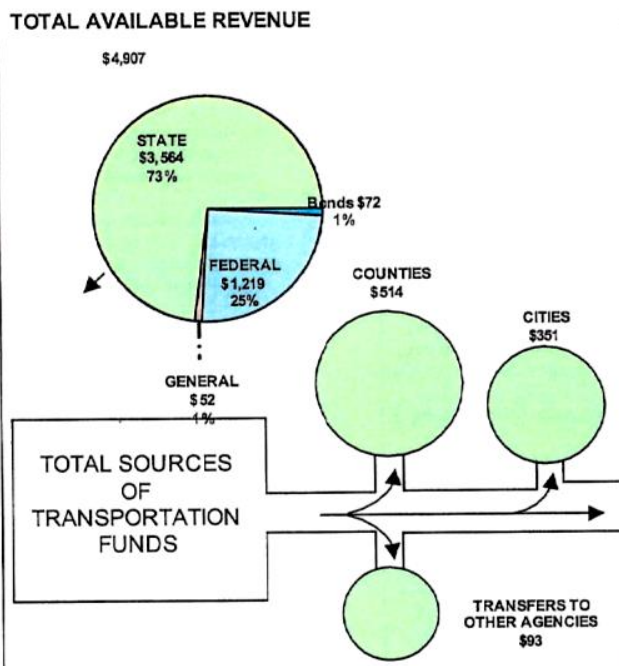
2017-2019 Governor's Budget

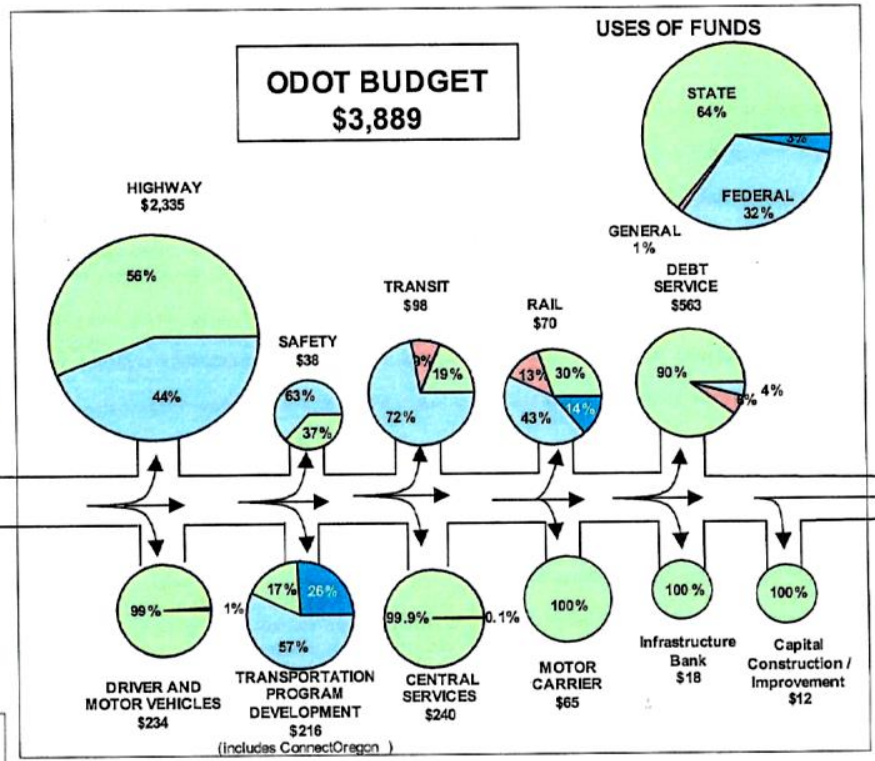


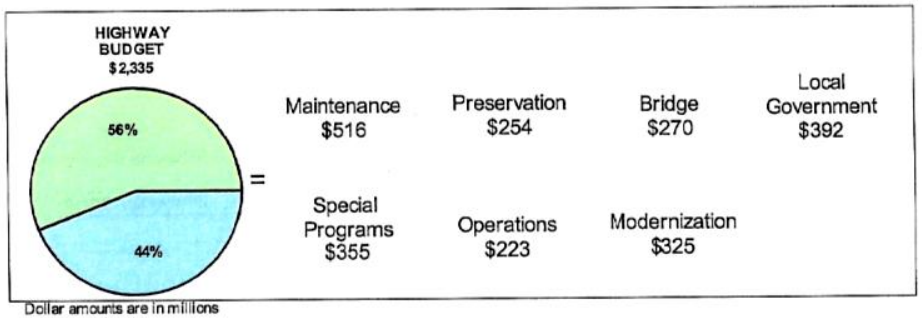

| SOURCES OF FUNDS | USES OF FUNDS |
|---|---|

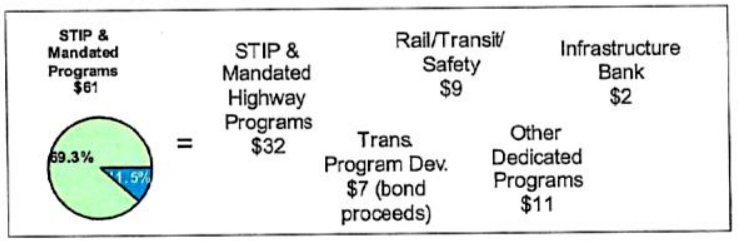
### TOTAL AVAILABLE REVENUE

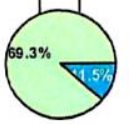
| REVENUES | |
|---|---|
| Beginning Balance | $ 486 |
| Motor Fuels Tax | 1,162 |
| Federal Funds | 1,219 |
| Weight Mile Tax | 633 |
| Driver and Vehicle Licenses | 720 |
| Transportation License. & Fees | 102 |
| Transfers to ODOT | 272 |
| General Fund | 52 |
| Lottery Proceeds | 121 |
| Bond/COP Sales | 72 |
| Sales and Charges for Service | 22 |
| All Other Revenue | 46 |
| TOTAL REVENUE | $ 4,907 |



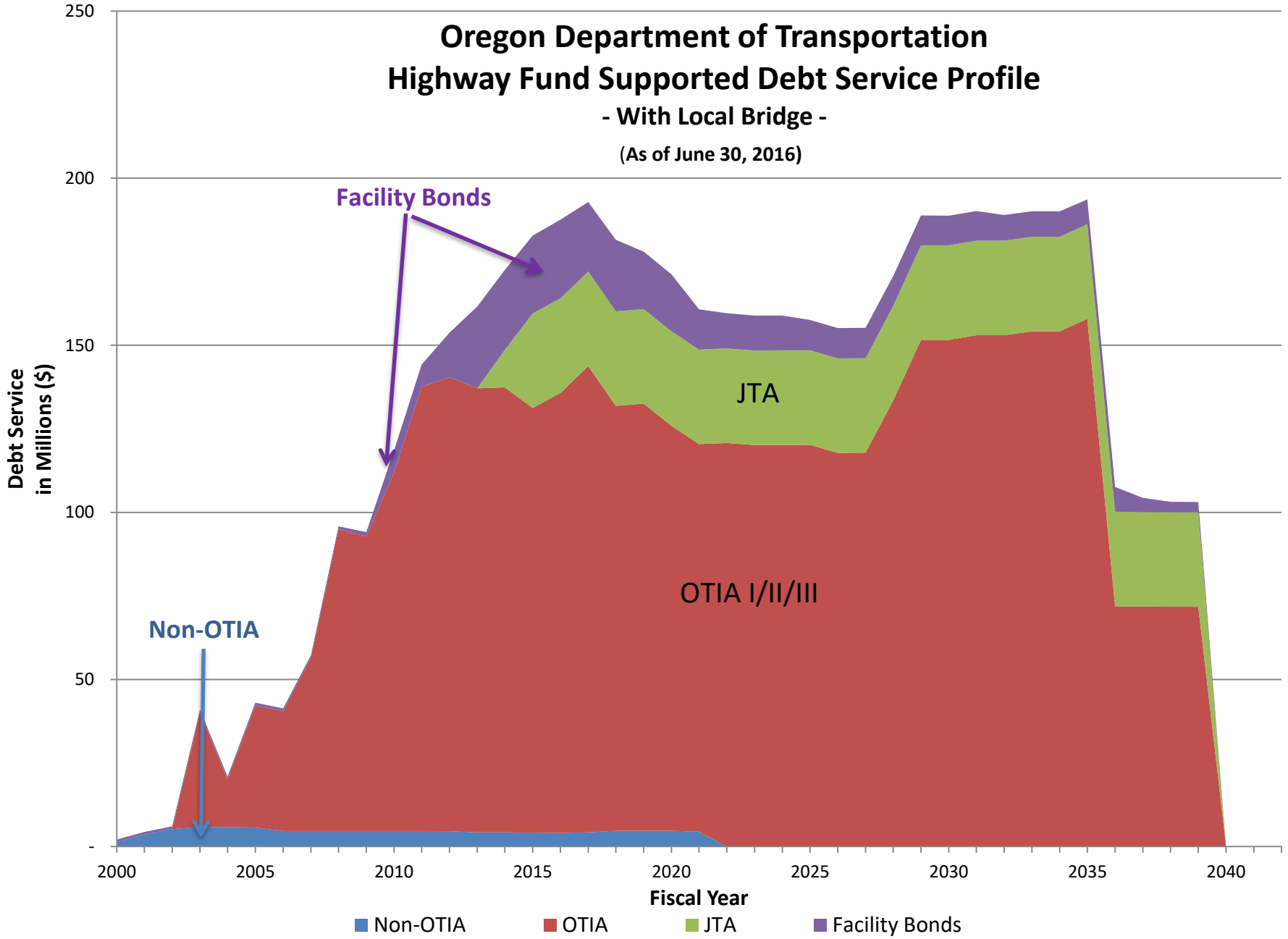




Dollar amounts are in millions
Updated 12/30/16


Oregon Department of Transportation
Highway Fund Supported Debt Service Profile
- With Local Bridge -
(As of June 30, 2016)
Facility Bonds
JTA
OTIA I/II/III
Non-OTIA
Debt Service in Millions ($)
250
200
150
100
50
-
2000
2005
2010
2015
2020
2025
2030
2035
2040
Fiscal Year
Non-OTIA
OTIA
JTA
Facility Bonds

## State Highway Fund Supported Debt Service by Bond Program

| Fiscal Year | Non-OTIA/JTA | Facility Bonds (DMV and T-Bldg) | State Radio Project [1] | OTIA I & II | OTIA III (State Only) | OTIA III Local | JTA [2] | Total | ODOT Share: ODOT's Debt Service (Amount not available for other ODOT uses) | Local Share [3]: Local Govt. Debt Service (Amount not available for other City and County uses) |
|---|---|---|---|---|---|---|---|---|---|---|
| 2018 | $ 4,729,816 | $ 4,964,513 | $ 16,492,474 | $ 32,499,566 | $ 85,682,525 | $ 19,730,138 | $ 44,052,897 | $ 208,151,928 | $ 171,681,476 | $ 36,470,452 |
| 2019 | $ 4,735,280 | $ 4,290,029 | $ 12,915,765 | $ 33,389,019 | $ 85,629,959 | $ 19,544,660 | $ 54,643,825 | $ 215,148,536 | $ 178,687,892 | $ 36,460,644 |
| 2020 | $ 4,712,591 | $ 4,198,362 | $ 12,899,811 | $ 29,960,850 | $ 85,197,280 | $ 16,682,439 | $ 61,294,925 | $ 214,946,257 | $ 183,099,019 | $ 31,847,238 |
| 2021 | $ 4,493,490 | $ 3,735,050 | $ 8,320,966 | $ 29,173,241 | $ 83,333,943 | $ 14,007,415 | $ 66,741,775 | $ 209,805,881 | $ 181,211,845 | $ 28,594,036 |
| 2022 | | $ 3,200,250 | $ 7,287,699 | $ 24,668,317 | $ 88,790,432 | $ 17,766,896 | $ 66,384,175 | $ 208,097,768 | $ 177,996,714 | $ 30,101,054 |
| 2023 | | $ 3,203,250 | $ 7,240,526 | $ 18,993,595 | $ 86,421,411 | $ 24,978,005 | $ 67,029,700 | $ 207,866,487 | $ 173,391,685 | $ 34,474,802 |
| 2024 | | $ 3,197,250 | $ 7,224,507 | $ 18,992,044 | $ 86,268,981 | $ 24,973,686 | $ 66,995,825 | $ 207,652,293 | $ 173,182,585 | $ 34,469,708 |
| 2025 | | $ 3,197,500 | $ 5,865,329 | $ 18,997,648 | $ 86,103,099 | $ 24,965,793 | $ 66,955,325 | $ 206,084,695 | $ 171,620,077 | $ 34,464,617 |
| 2026 | | $ 3,198,500 | $ 5,863,661 | $ 18,152,030 | $ 84,314,067 | $ 24,962,019 | $ 69,373,075 | $ 205,863,352 | $ 171,825,318 | $ 34,038,033 |
| 2027 | | $ 3,200,000 | $ 5,859,420 | $ 18,174,471 | $ 84,126,514 | $ 24,955,224 | $ 69,315,325 | $ 205,630,954 | $ 171,588,495 | $ 34,042,459 |
| 2028 | | $ 3,201,750 | $ 5,754,981 | $ 18,487,466 | $ 104,897,635 | $ 19,230,173 | $ 53,704,588 | $ 205,276,592 | $ 176,802,686 | $ 28,473,906 |
| 2029 | | $ 3,198,500 | $ 5,664,355 | $ 26,351,364 | $ 114,911,571 | $ 19,231,083 | $ 32,291,350 | $ 201,648,223 | $ 169,241,458 | $ 32,406,765 |
| 2030 | | $ 3,195,250 | $ 5,663,747 | $ 25,104,578 | $ 134,899,221 | | $ 32,291,100 | $ 201,153,896 | $ 188,601,607 | $ 12,552,289 |
| 2031 | | $ 3,201,750 | $ 4,449,150 | $ 25,535,951 | $ 135,161,703 | | $ 32,291,225 | $ 200,639,779 | $ 187,871,803 | $ 12,767,975 |
| 2032 | | $ 3,202,250 | $ 4,449,150 | $ 25,536,702 | $ 134,404,100 | | $ 32,289,175 | $ 199,881,377 | $ 187,113,026 | $ 12,768,351 |
| 2033 | | $ 3,196,750 | $ 4,449,500 | $ 22,034,591 | $ 138,073,113 | | $ 32,288,875 | $ 200,042,829 | $ 189,025,533 | $ 11,017,295 |
| 2034 | | $ 3,195,250 | $ 4,445,000 | | $ 158,321,541 | | $ 32,287,213 | $ 198,249,004 | $ 198,249,004 | $ - |
| 2035 | | $ 3,197,250 | $ 4,212,500 | | $ 159,417,999 | | $ 32,290,063 | $ 199,117,811 | $ 199,117,811 | |
| 2036 | | $ 3,197,250 | $ 4,208,000 | | $ 71,895,100 | | $ 32,288,700 | $ 111,589,050 | $ 111,589,050 | |
| 2037 | | | $ 4,210,250 | | $ 71,844,100 | | $ 32,290,700 | $ 108,345,050 | $ 108,345,050 | |
| 2038 | | | $ 3,103,500 | | $ 71,796,000 | | $ 32,290,200 | $ 107,189,700 | $ 107,189,700 | |
| 2039 | | | $ 3,102,750 | | $ 71,741,700 | | $ 32,289,075 | $ 107,133,525 | $ 107,133,525 | |
| 2040 | | | | | | | $ 27,078,300 | $ 27,078,300 | $ 27,078,300 | |
| 2041 | | | | | | | $ 27,077,300 | $ 27,077,300 | $ 27,077,300 | |
| 2042 | | | | | | | $ 27,077,100 | $ 27,077,100 | $ 27,077,100 | |
| 2043 | | | | | | | $ 27,081,000 | $ 27,081,000 | $ 27,080,984 | |
| 2044 | | | | | | | | $ - | $ - | |

[1] Assumes all State Radio Project debt service is paid by the Highway Fund

[2] 2017 JTA Bonds debt service subject to change. Assumes $390M net proceeds; 25-year maturity; $100M at 4% interest rate and $290M at current interest rates plus 50 bps.

[3] Includes 39.95% of the DMV building ending in 2020, 50% of OTIA 1 & II, 100% of OTIA III Local

# Tools for County Accountability

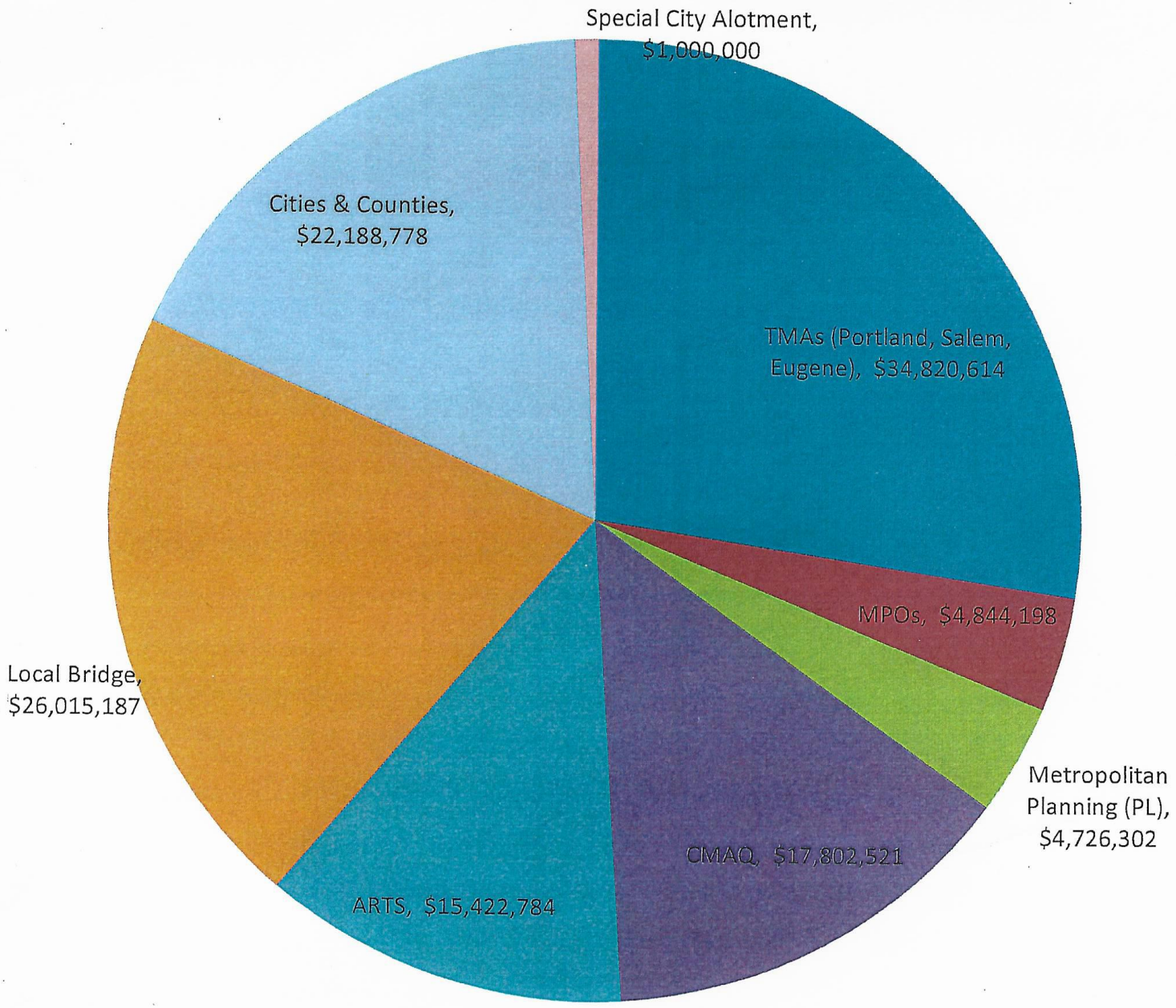
1. **The "Local Road & Street Questionnaire"**
2. **The County Budget Process**
3. **The Statute That Requires That The Money Allocated Be Spent On Roads (ORS 203.035-Fuel Tax Law)**

# CURRENT COUNTIES BUDGET

# Oregon Counties Existing 2016 State Highway Fund (SHF)

| County | Road Mileage | Vehicles | Miles/Vehicles | Existing 2016 SHF |
|---|---|---|---|---|
| Sherman | 447 | 3,732 | 0.1197 | $216,476 |
| Gilliam | 407 | 3,589 | 0.1134 | $207,375 |
| Wheeler | 259 | 2,436 | 0.1065 | $139,733 |
| Harney | 812 | 11,580 | 0.0701 | $660,103 |
| Morrow | 959 | 15,999 | 0.0600 | $914,718 |
| Wallowa | 713 | 12,135 | 0.0588 | $691,350 |
| Lake | 729 | 13,335 | 0.0547 | $758,177 |
| Malheur | 1,735 | 36,574 | 0.0474 | $2,109,598 |
| Grant | 488 | 11,757 | 0.0415 | $672,122 |
| Baker | 905 | 23,818 | 0.0380 | $1,363,860 |
| Jefferson | 601 | 27,877 | 0.0216 | $1,576,191 |
| Wasco | 674 | 32,710 | 0.0206 | $1,863,437 |
| Umatilla | 1,670 | 92,438 | 0.0181 | $5,287,865 |
| Union | 598 | 33,907 | 0.0176 | $1,936,525 |
| Crook | 472 | 34,367 | 0.0137 | $1,928,481 |
| Klamath | 869 | 85,381 | 0.0102 | $4,889,810 |
| Tillamook | 328 | 34,862 | 0.0094 | $1,985,530 |
| Douglas | 1,141 | 135,254 | 0.0084 | $7,737,713 |
| Columbia | 538 | 65,029 | 0.0083 | $3,700,018 |
| Linn | 1,103 | 142,304 | 0.0078 | $8,113,324 |
| Curry | 225 | 30,623 | 0.0074 | $1,746,769 |
| Coos | 526 | 75,830 | 0.0069 | $4,323,831 |
| Hood River | 203 | 30,741 | 0.0066 | $1,756,276 |
| Lincoln | 339 | 54,206 | 0.0063 | $3,083,904 |
| Yamhill | 669 | 109,825 | 0.0061 | $6,254,889 |
| Polk | 478 | 80,351 | 0.0060 | $4,558,625 |
| Benton | 447 | 81,941 | 0.0055 | $4,676,446 |
| Josephine | 561 | 105,078 | 0.0053 | $5,985,059 |
| Clatsop | 229 | 43,845 | 0.0052 | $2,499,526 |
| Deschutes | 937 | 222,066 | 0.0042 | $12,487,163 |
| Jackson | 962 | 237,059 | 0.0041 | $13,485,087 |
| Lane | 1,436 | 368,590 | 0.0039 | $21,009,786 |
| Marion | 1,116 | 338,960 | 0.0033 | $19,215,647 |
| Clackamas | 1,411 | 434,650 | 0.0032 | $24,745,463 |
| Washington | 1,394 | 518,568 | 0.0027 | $29,349,957 |
| Multnomah | 293 | 730,013 | 0.0004 | $41,442,925 |
| | | | | |
| **Total** | 26,675 | 4,281,430 | 0.9226 | $243,373,761 |

# Annual (FY16) Transportation Funds to Locals



# Tools for City Accountability

1. **The "Local Road & Street Questionnaire"**
2. **The County Budget Process**
3. **The Statute That Requires That The Money Allocated Be Spent On Roads (ORS 203.035-Fuel Tax Law)**

# CURRENT CITIES BUDGET

- **$351 million from gas tax revenue biennially**
- **Some portion of $392 million from state gas tax funds biennially.**
- **Local tax**

# AMOUNT CURRENTLY BEING SPENT FOR MPS

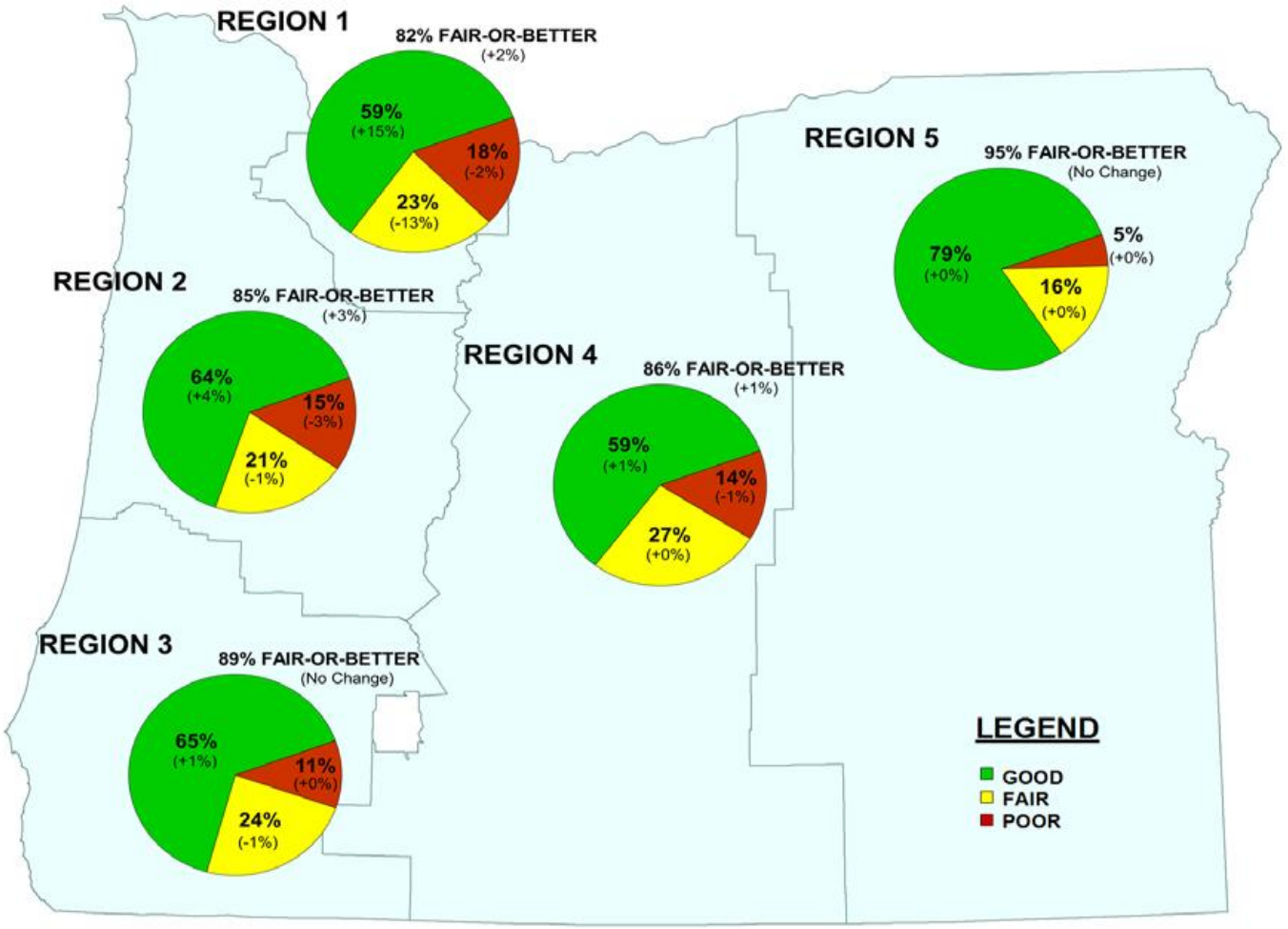
| | STATE | COUNTY | CITY |
|---|---|---|---|
| Pavement | $85 million | $53.1 million (recent avg) | Included below |
| Maintenance | $200 million | $244.6 million (recent avg) | $199 million |
| Bridges | $85 million | N/A | Included above |
| Seismic | $35 million *one-time expenditure | $0 | $0 |
| Culverts | $15 million | N/A | Storm water mgmt. included above |

# What is the current condition of our state's roads and bridges?

# STATE

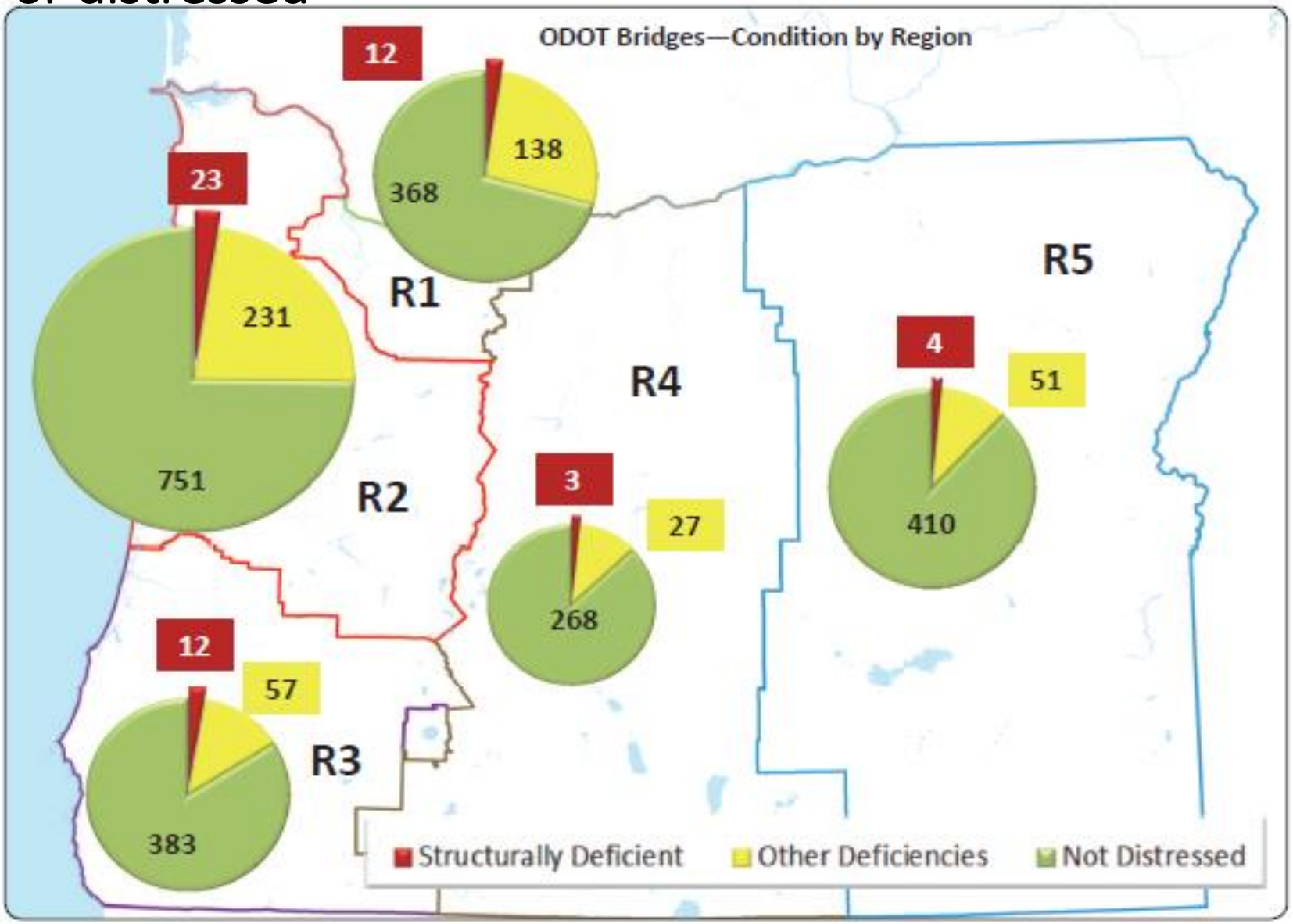
## Roads: 86% in fair condition or better

Oregon Pavement Condition by Region, 2016



# STATE

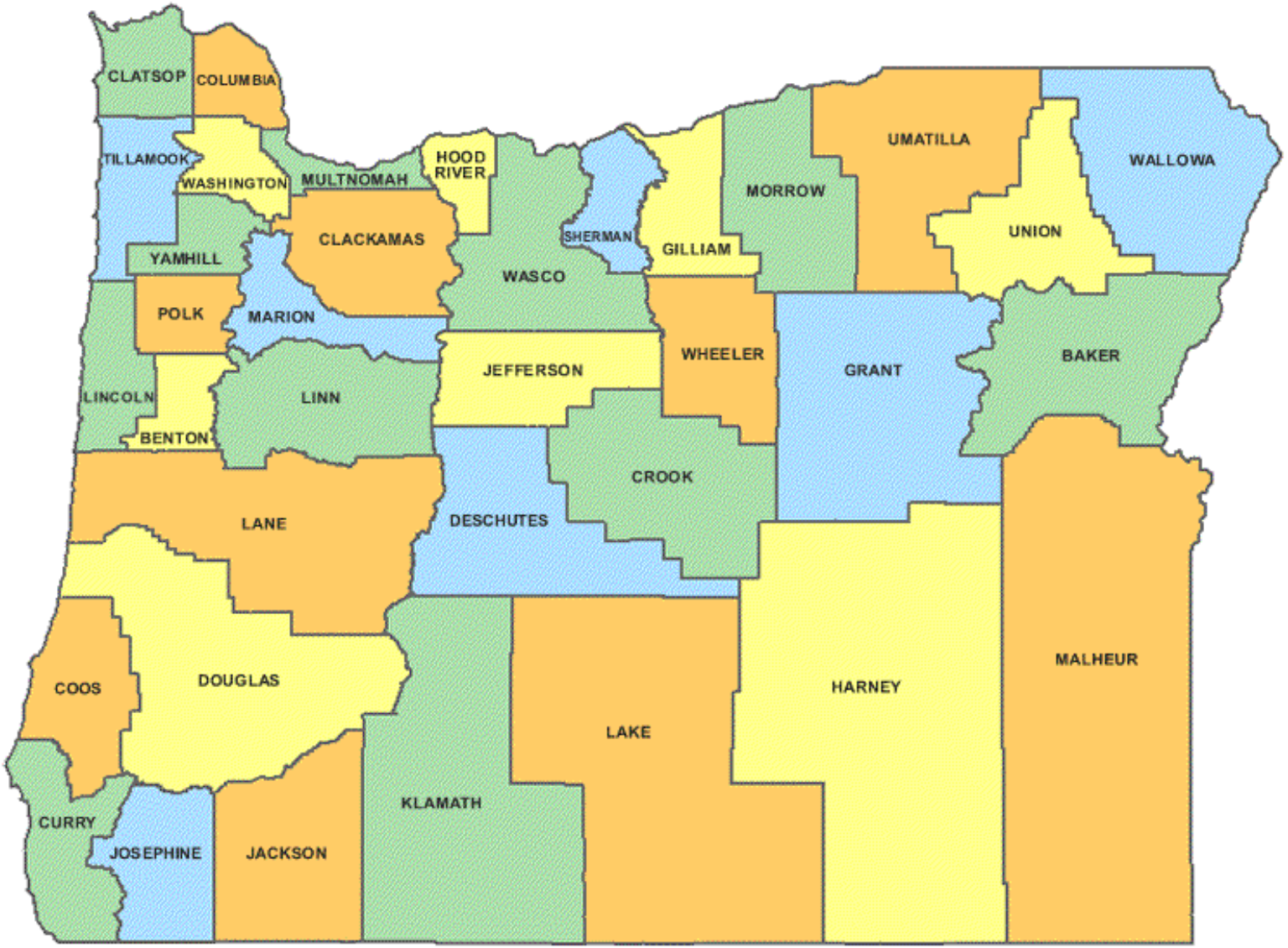
Bridges: 20.5% of state highway bridges are either deficient or distressed



# COUNTIES

**Roads: 34.2% in fair condition or worse**

**Bridges: 6% of all county bridges in poor condition**

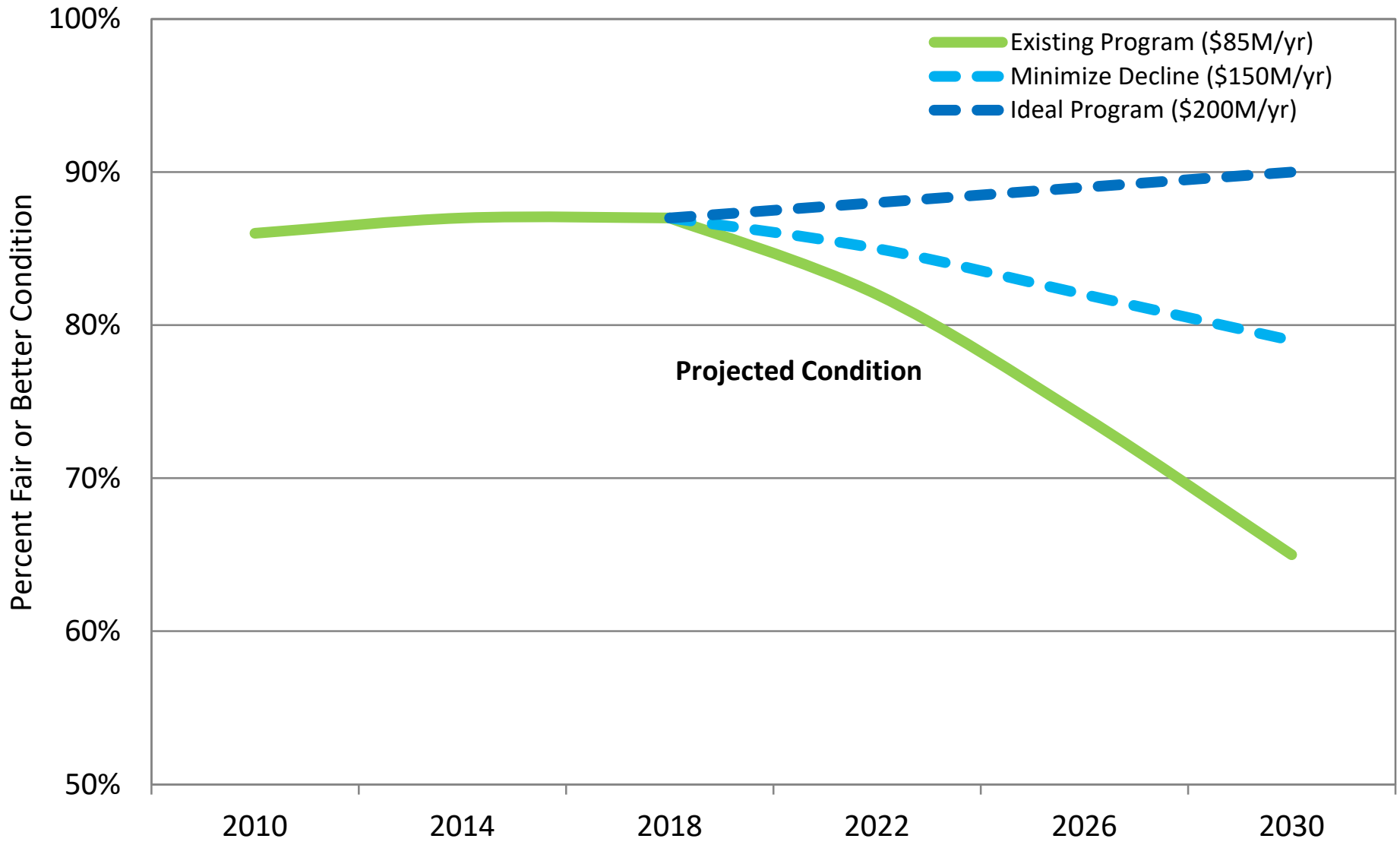


# CITIES

**Roads:** 83% in fair condition or worse

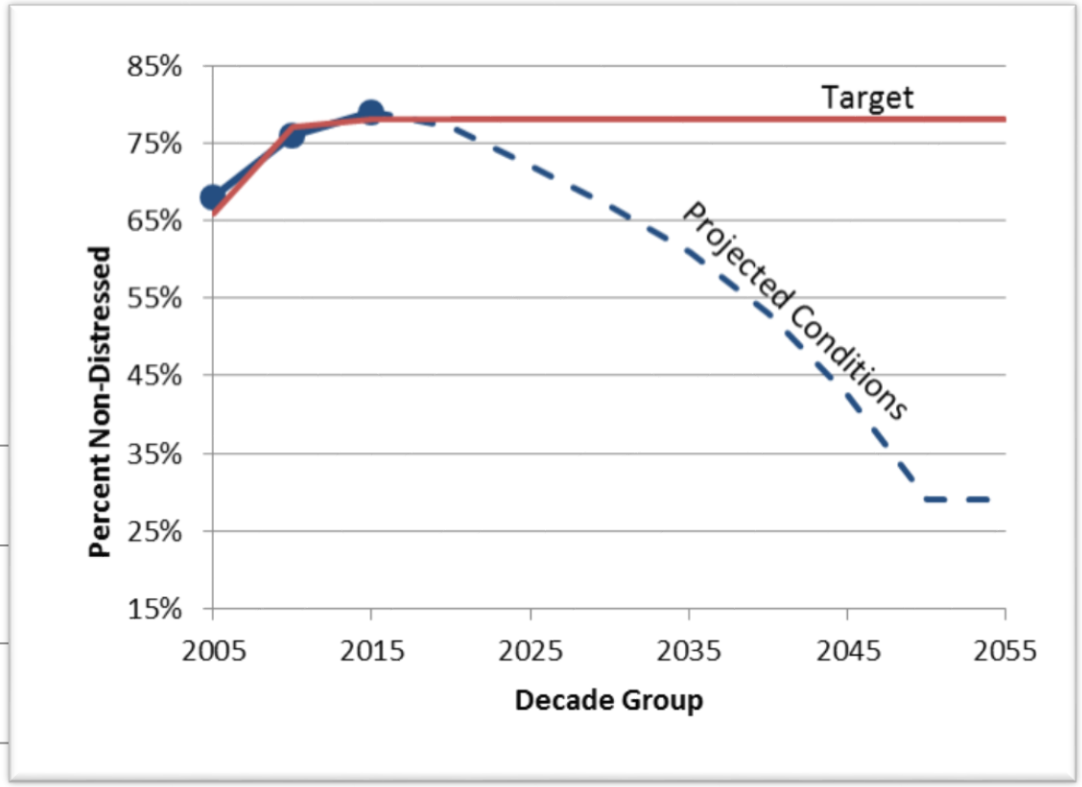
**Bridges:** 5% of all city bridges in poor condition

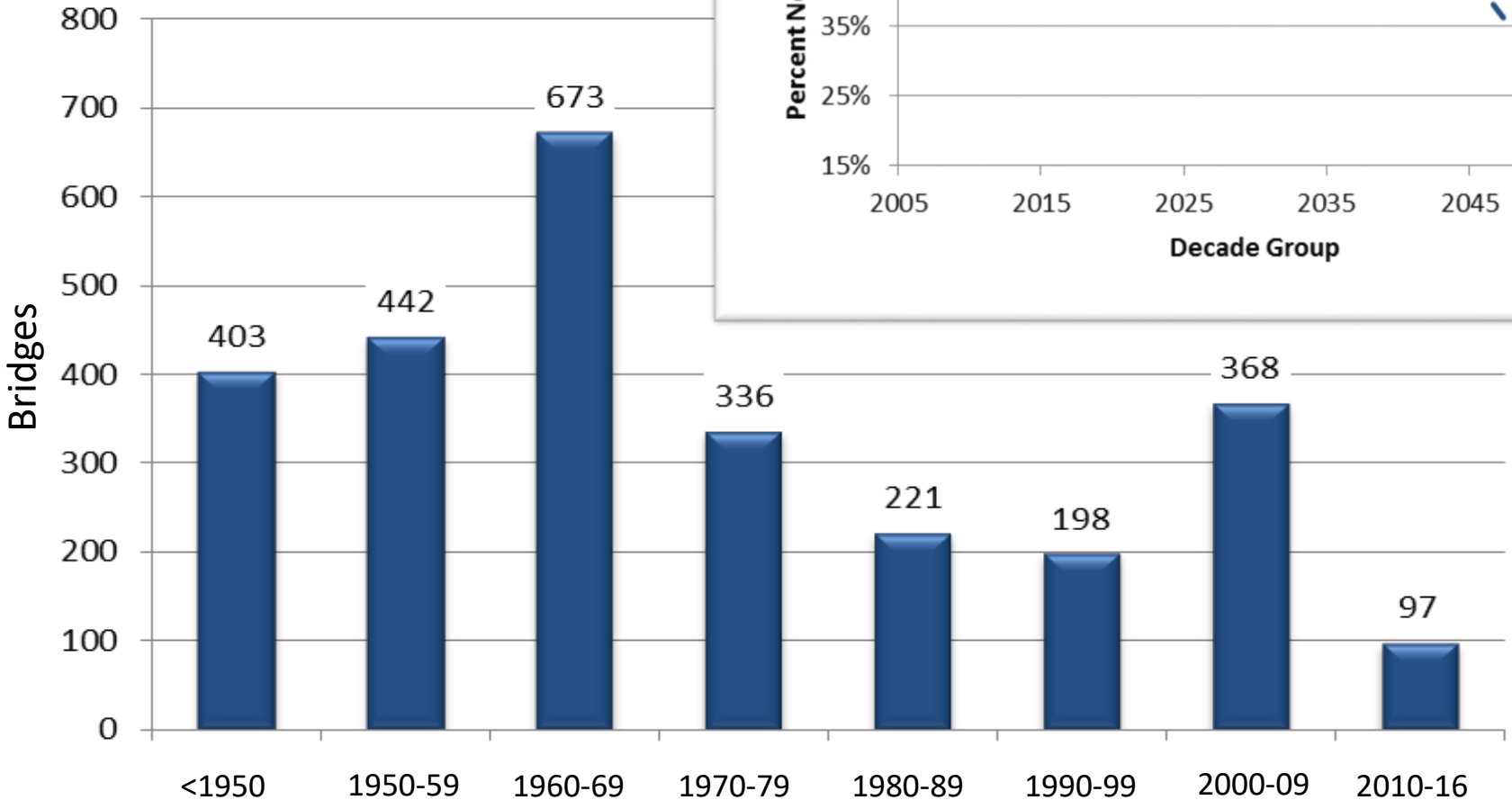
# Projected Pavement Conditions



# Bridge

Age & Conditions

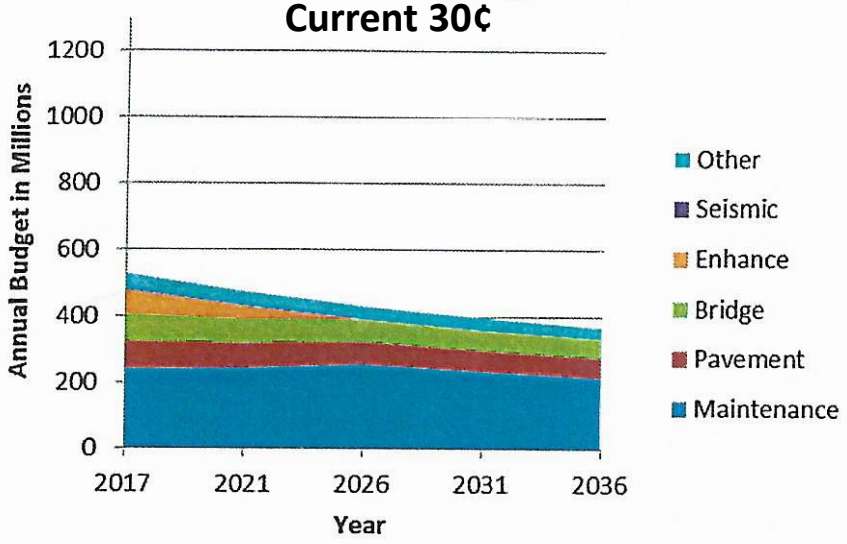


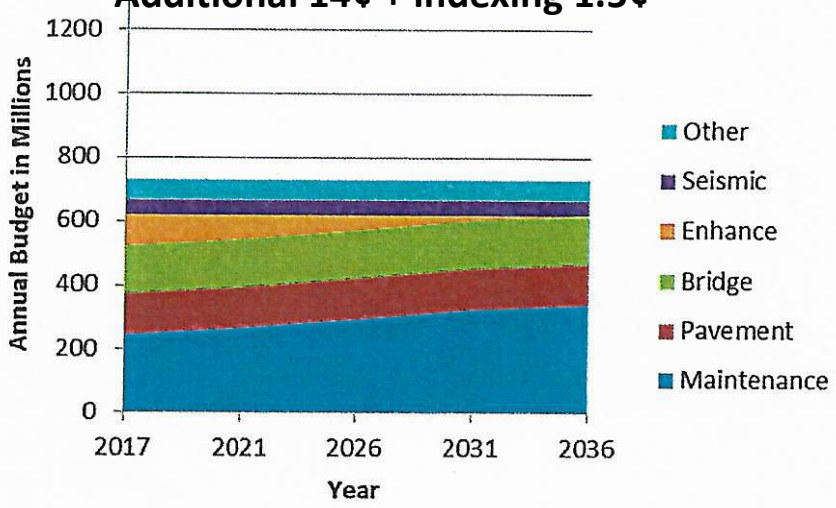
# So, what amount should we invest in our road and bridges now?

# Here are 4 20-year budget scenarios created by ODOT:

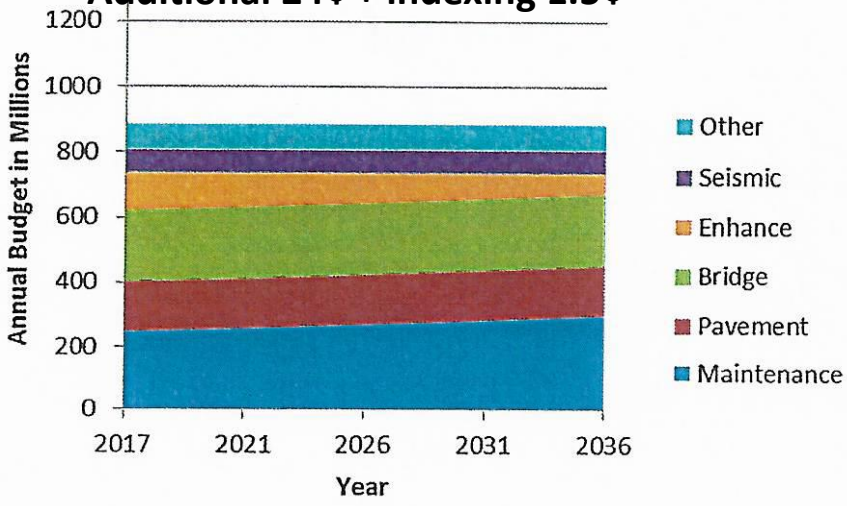
## Scenario 1 Budget
### Current 30¢



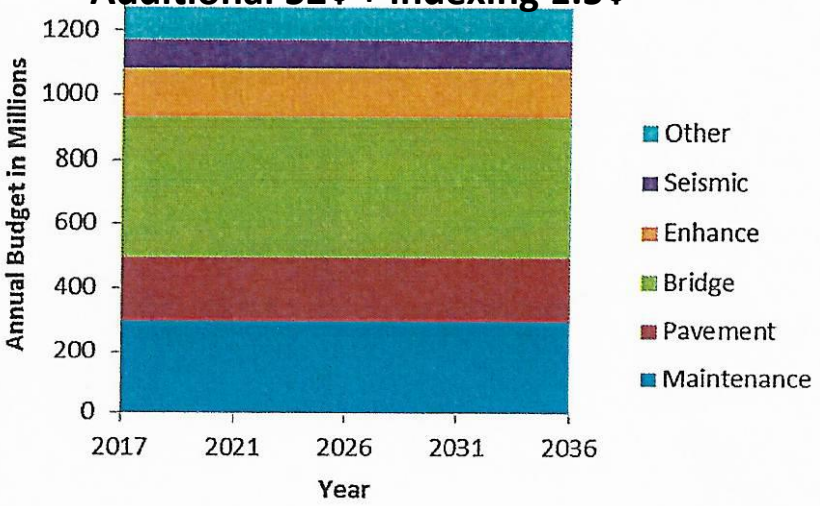

## Scenario 2 Budget
### Additional 14¢ + indexing 1.5¢




## Scenario 3 Budget
### Additional 24¢ + indexing 1.5¢

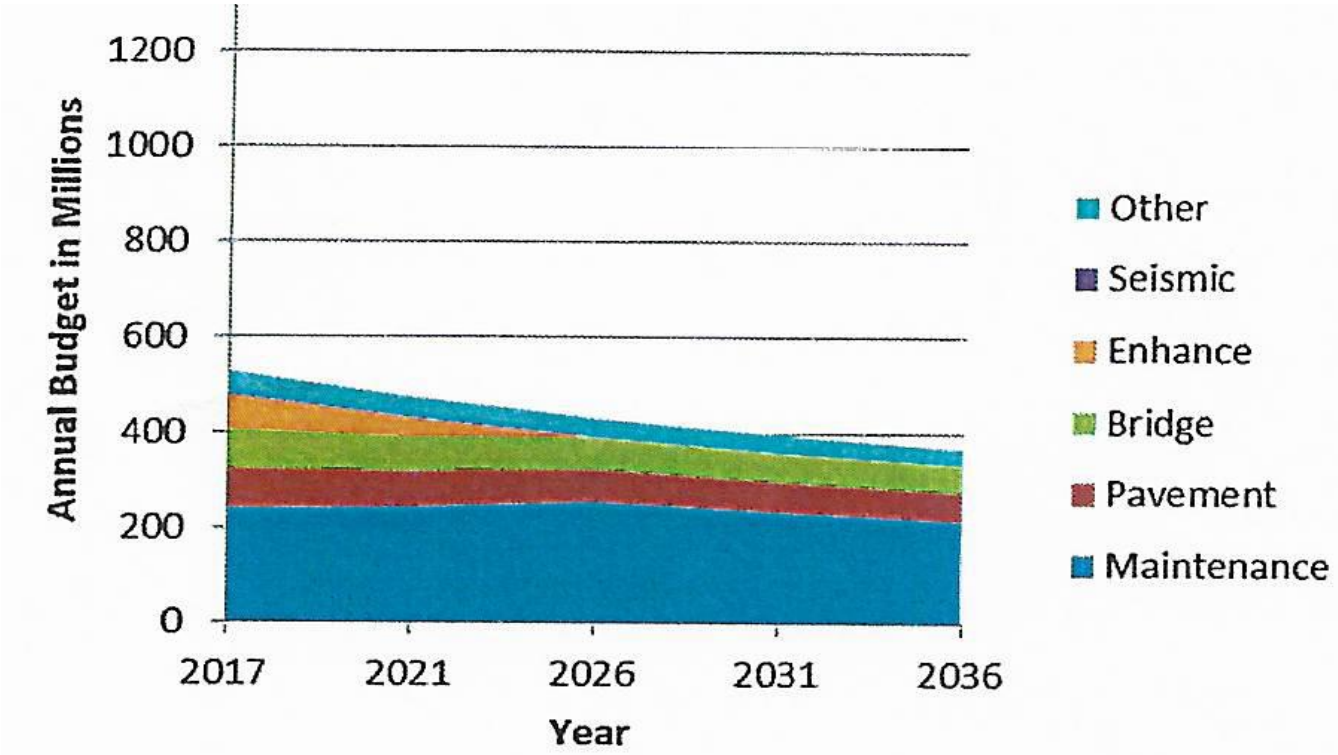



## Scenario 4 Budget
### Additional 52¢ + indexing 1.5¢



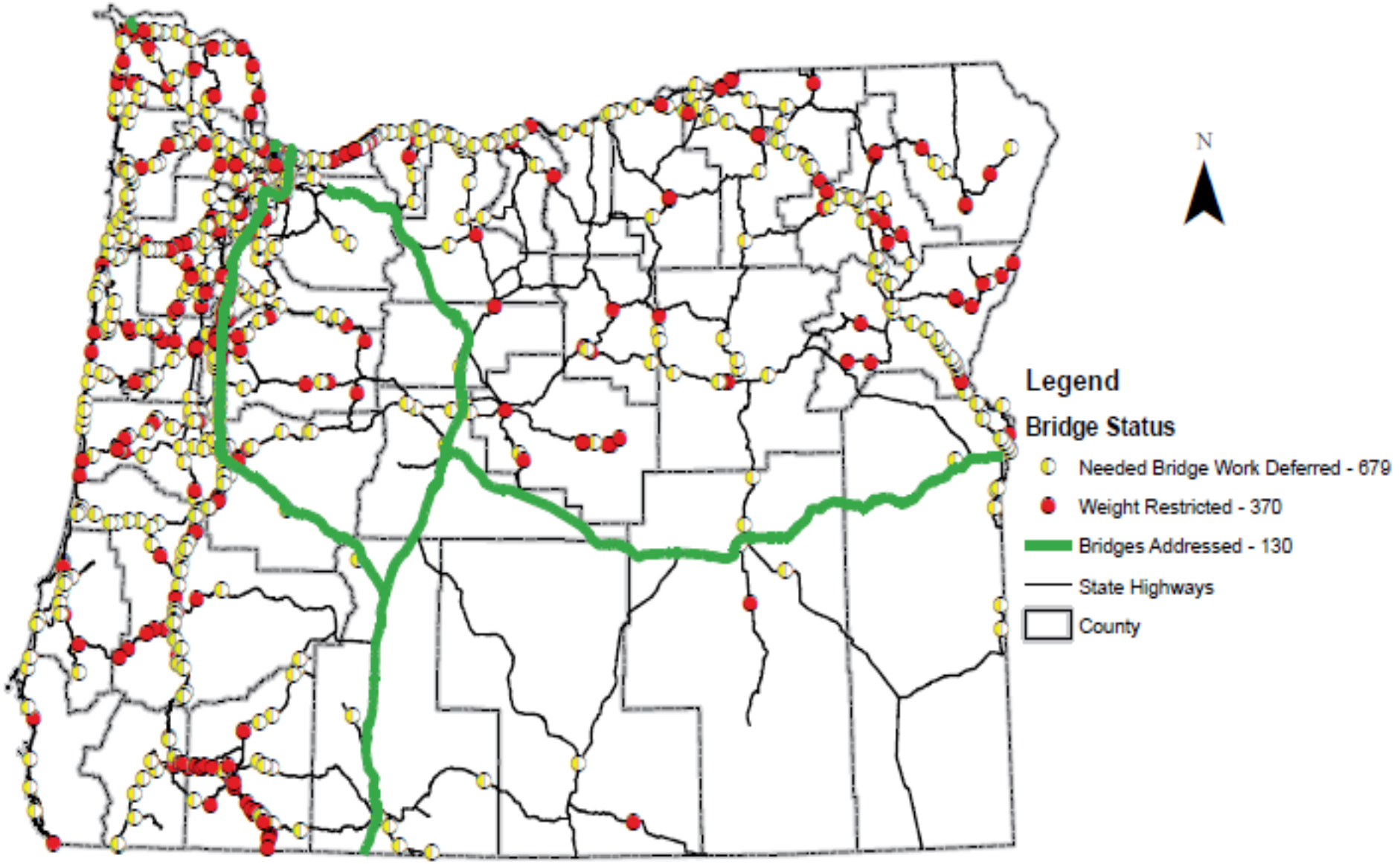
# SCENARIO #1

## (CURRENT 30¢)




| Scenario 1 Budget Assumptions | Maintenance | Pavement | Bridge | Enhance | Seismic | Other | Annual Total | 20-Year Budget |
|---|---|---|---|---|---|---|---|---|
| Average Annual Budget for 20-Year Period in millions nominal dollars | $306 | $85 | $85 | $19 | $0 | $50 | $545 | $10.9 billion |
| Average Annual Budget Adjusted for Inflation for 20-Year Period | $243 | $68 | $68 | $17 | $0 | $40 | $436 | $ 8.7 billion |

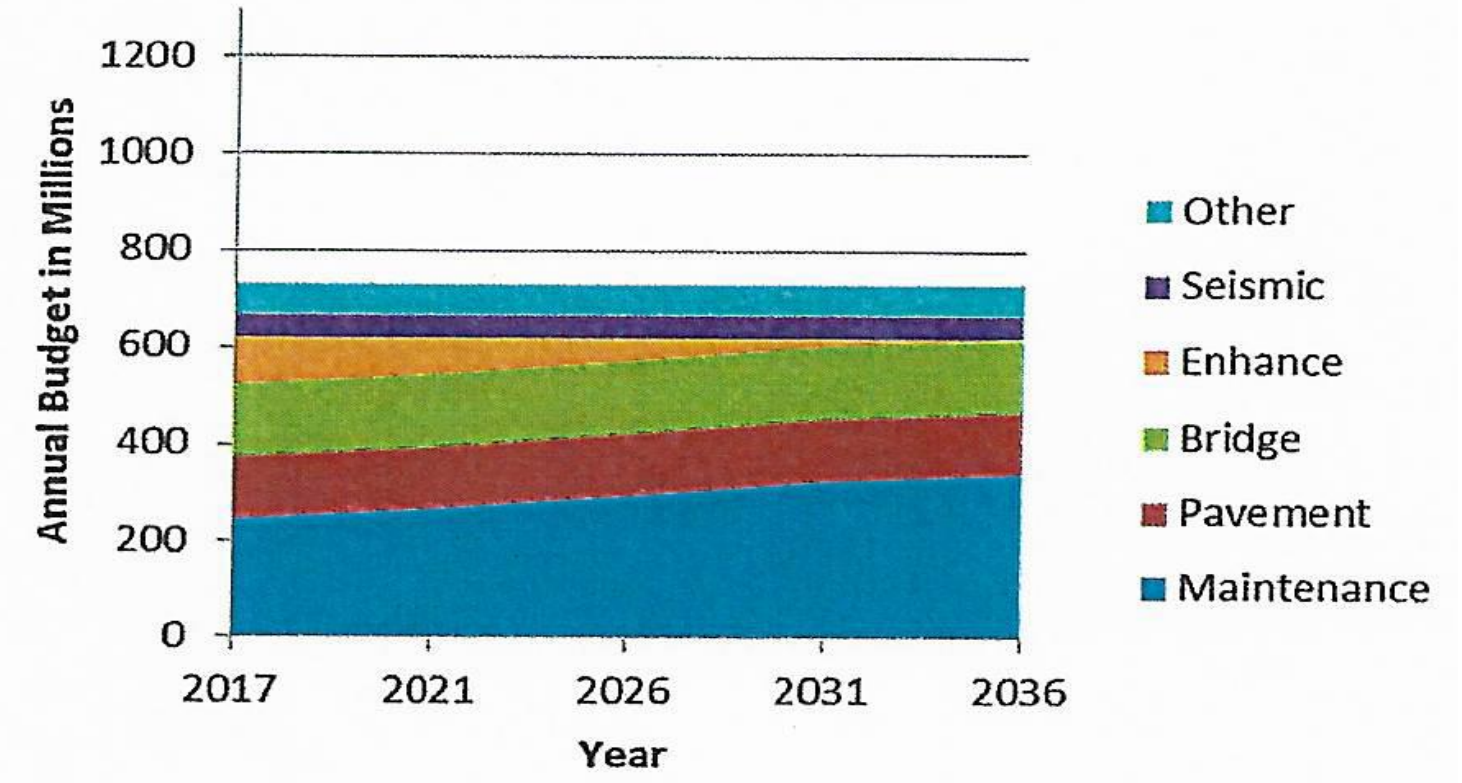
# SCENARIO #1


N
Legend
Bridge Status
Needed Bridge Work Deferred - 679
Weight Restricted - 370
Bridges Addressed - 130
State Highways
County

# SCENARIO #2

## (14¢ INCREASE)

## (30+14= 44¢)

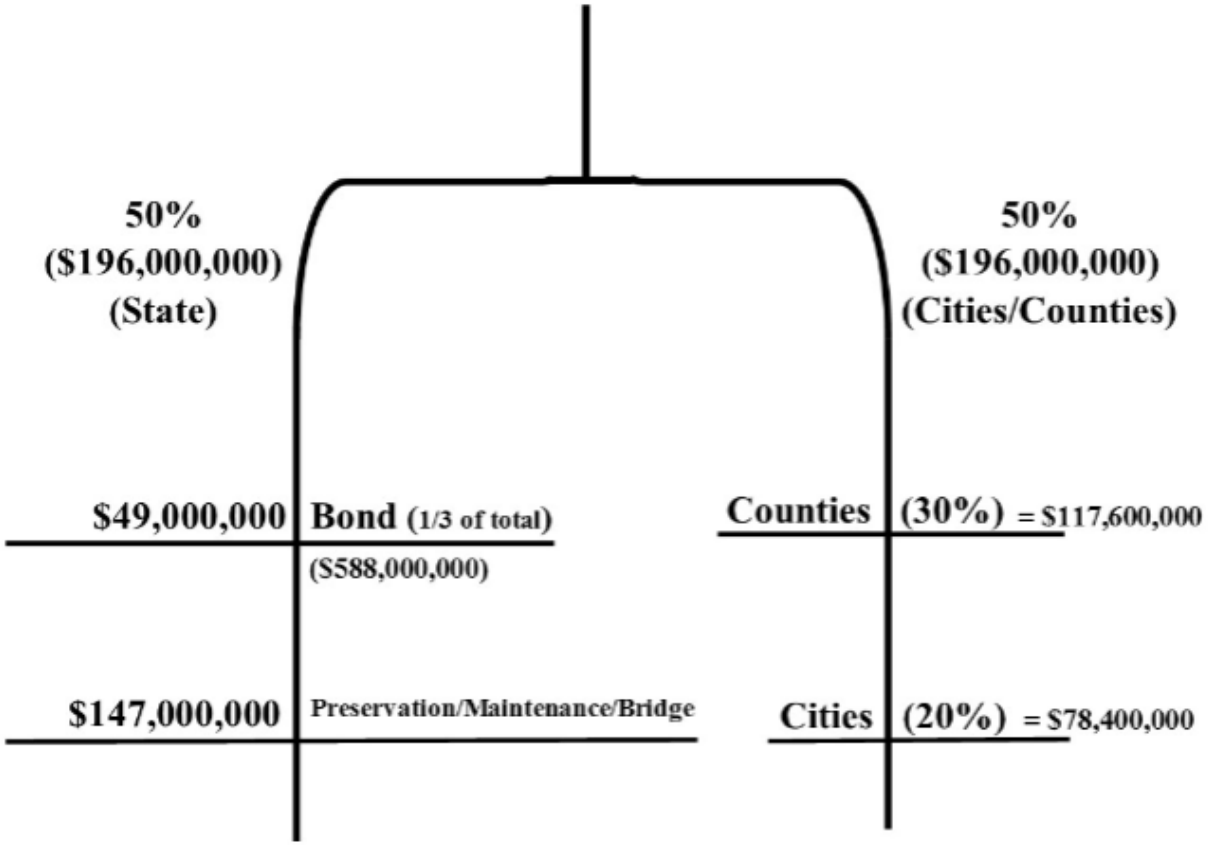



| Scenario 2 Budget Assumptions | Maintenance | Pavement | Bridge | Enhance | Seismic | Other | Annual Total | 20-Year Budget |
|---|---|---|---|---|---|---|---|---|
| Average Annual Budget for 20-Year Period in millions | $302 | $127 | $150 | $43 | $49 | $64 | $735 | $14.7 billion |

## SCENARIO #2

**14¢ x $28 million= $392,000,000**

**(Total= 30+14= 44¢)**

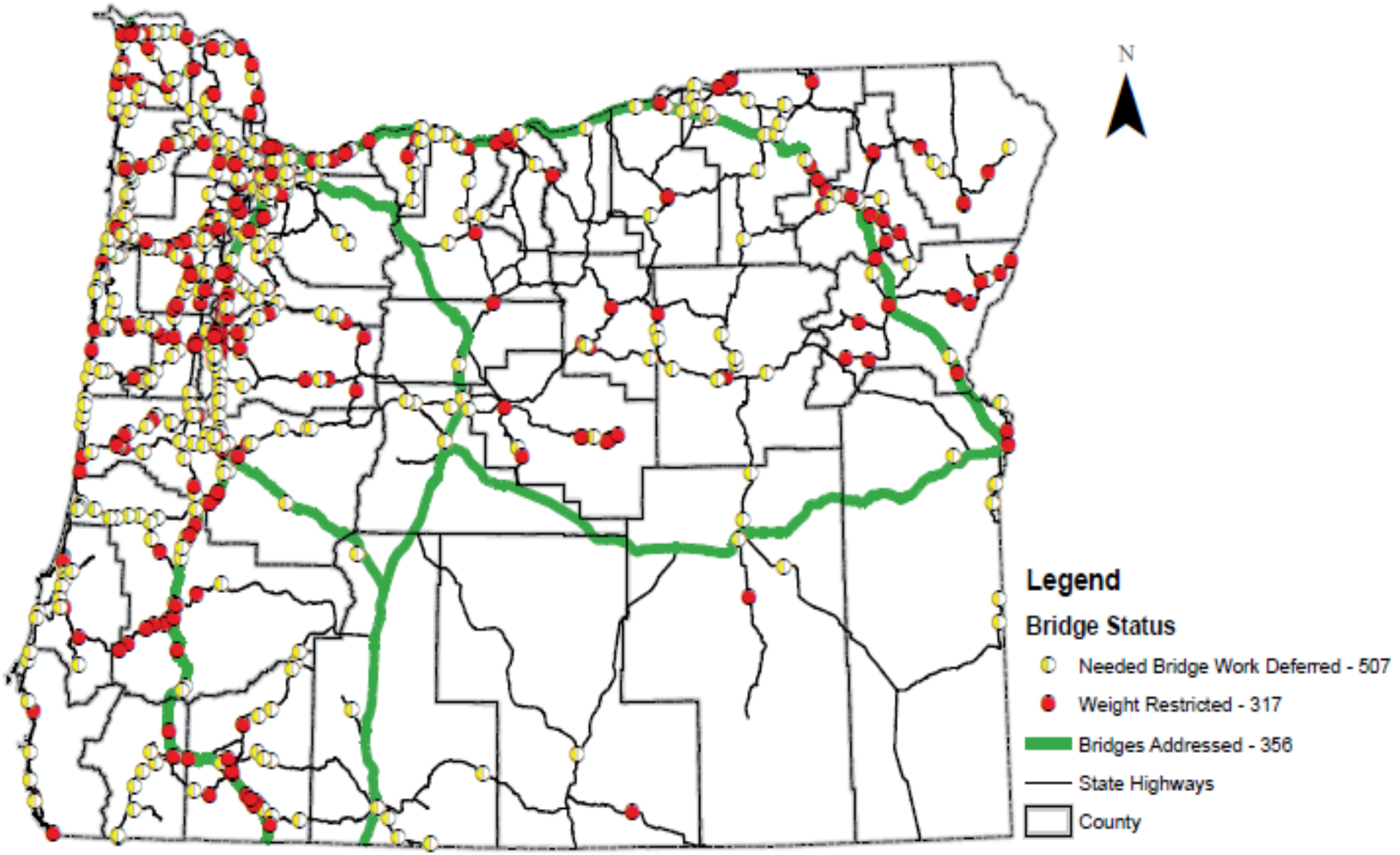



**Decisions:**

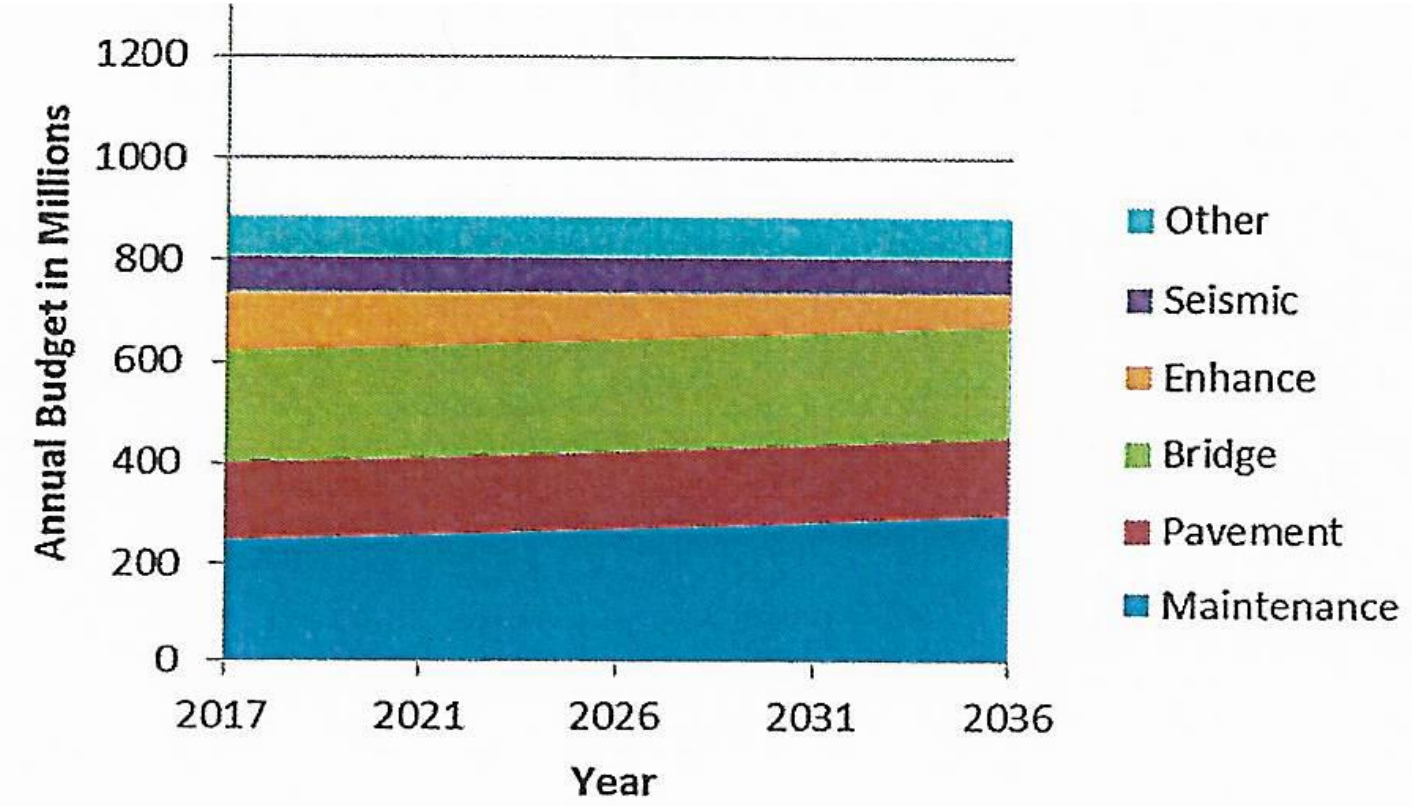
1. **How much tax? 14¢?**
2. **How much bond? 25%?**

**Amount of Bond: $588,000,000**

# SCENARIO #2


N
Legend
Bridge Status
Needed Bridge Work Deferred - 507
Weight Restricted - 317
Bridges Addressed - 356
State Highways
County

# SCENARIO #3
## (24¢ INCREASE)
## (30+24= 54¢)

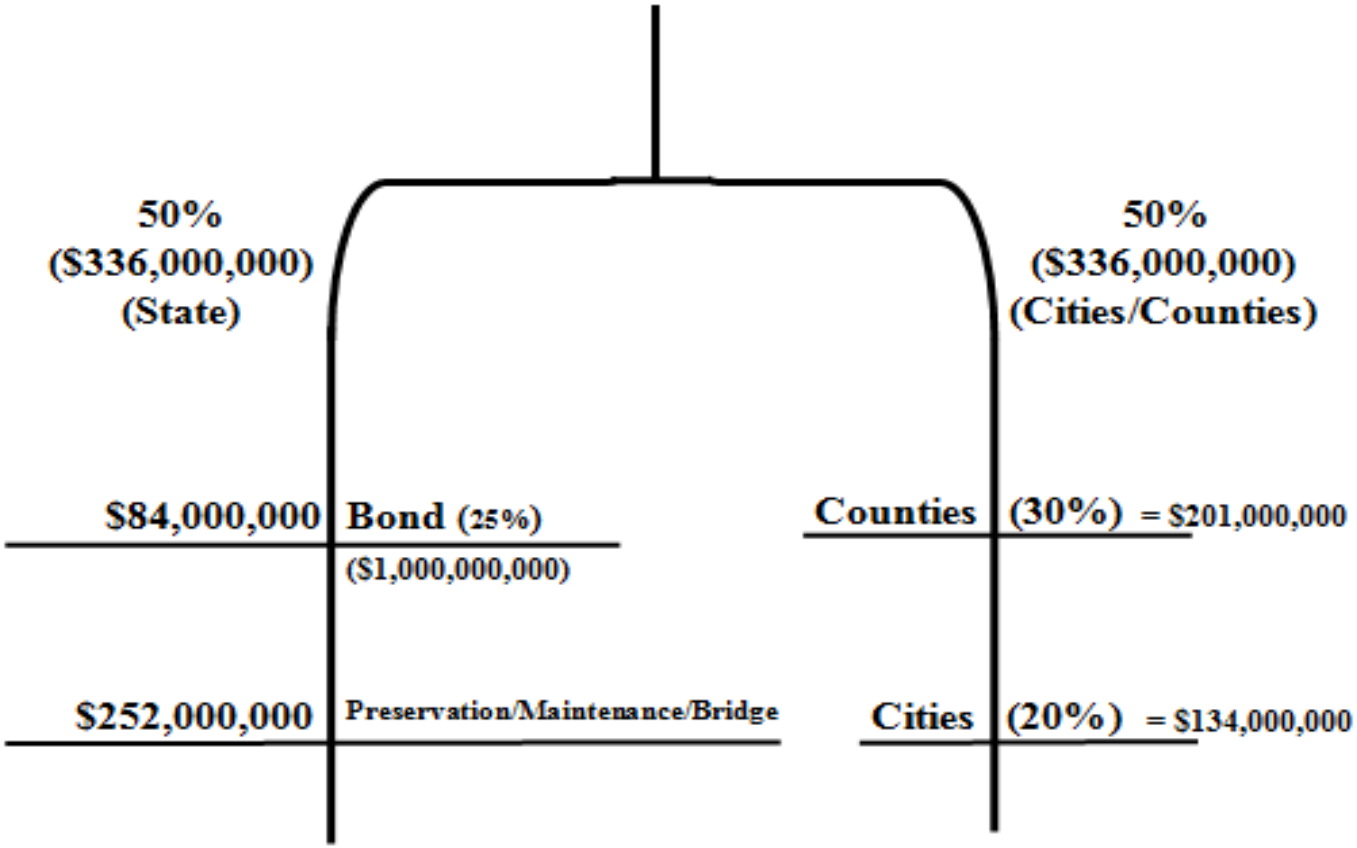



| Scenario 3 Budget Assumptions | Maintenance | Pavement | Bridge | Enhance | Seismic | Other | Annual Total | 20-Year Budget |
|---|---|---|---|---|---|---|---|---|
| Average Annual Budget for 20-Year Period in millions | $275 | $154 | $220 | $90 | $70 | $77 | $887 | $17.7 billion |

# SCENARIO #3

## 24¢ x $28 million= $672,000,000

## (Total= 30+24= 54¢)

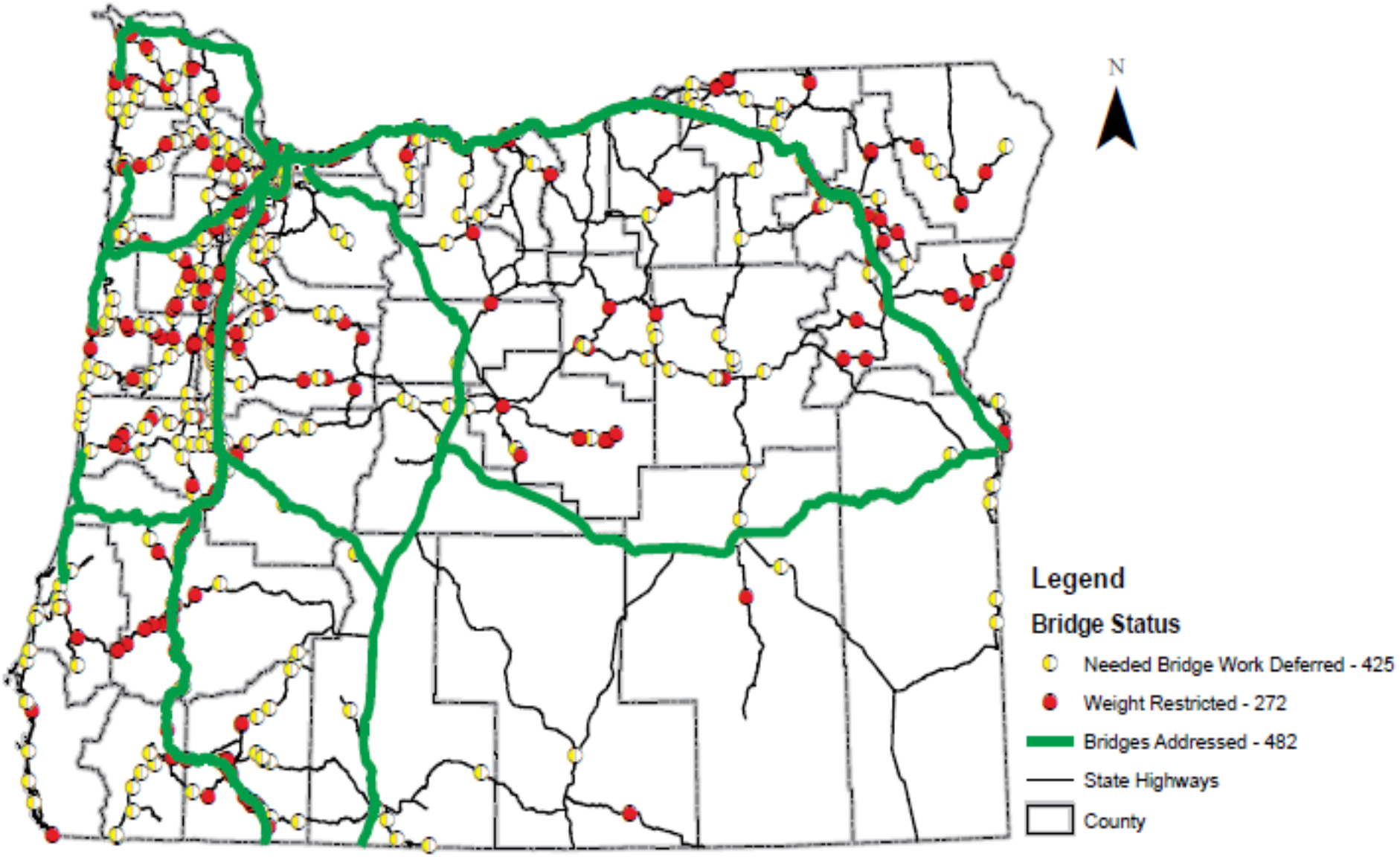



**Decisions:**

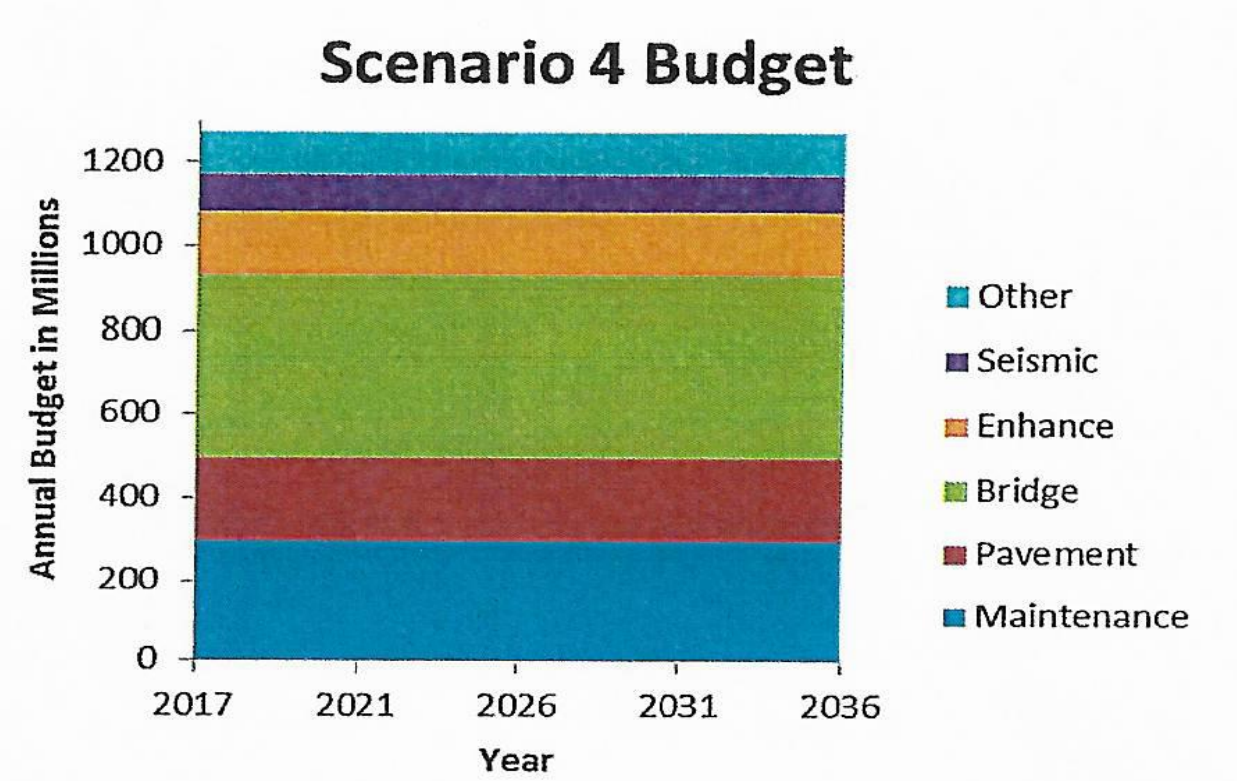
1. How much tax? 24¢?
2. How much bond? 25%?

Amount of Bond: $1,000,000,000

# SCENARIO #3


N
Legend
Bridge Status
Needed Bridge Work Deferred - 425
Weight Restricted - 272
Bridges Addressed - 482
State Highways
County

# SCENARIO #4
## (52¢ INCREASE)
## (30+52= 82¢)

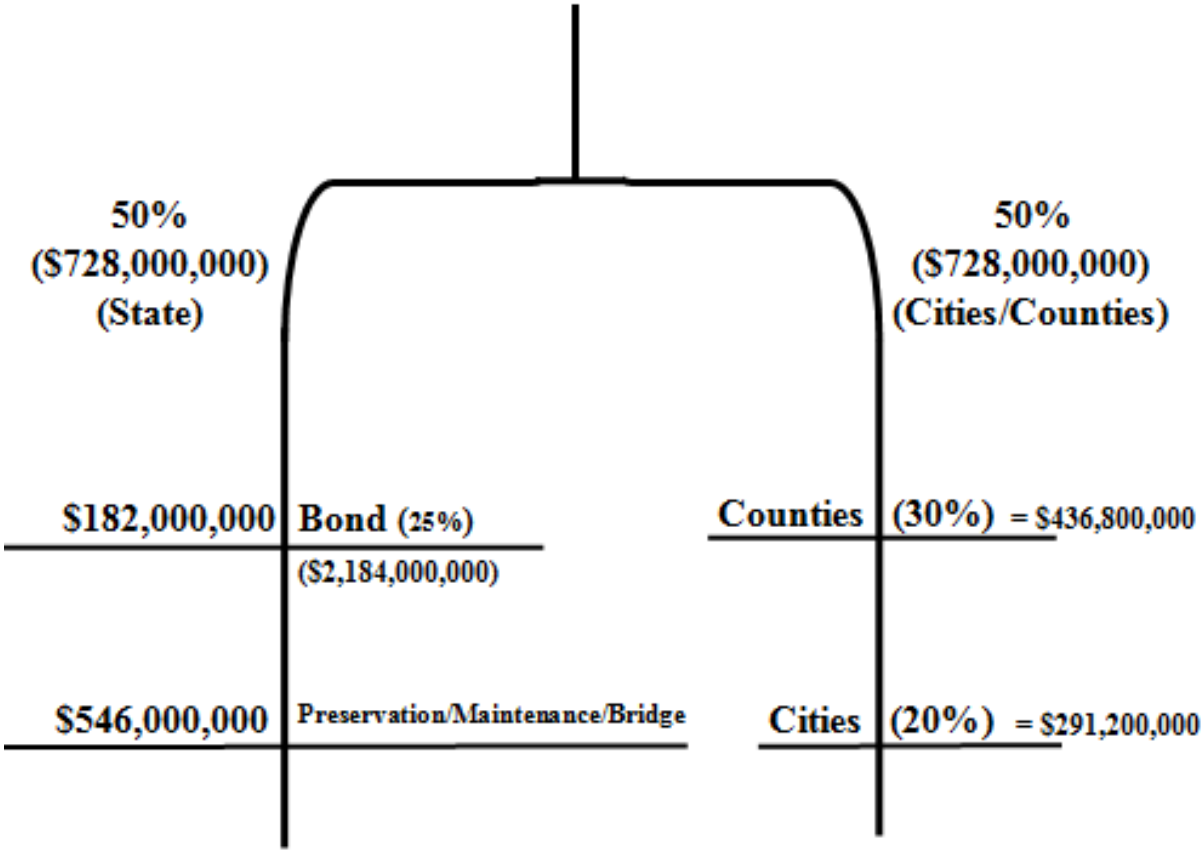



| Scenario 4 Budget Assumptions | Maintenance | Pavement | Bridge | Enhance | Seismic | Other | Annual Total | 20-Year Budget |
|---|---|---|---|---|---|---|---|---|
| Average Annual Budget for 20-Year Period in millions | $300 | $200 | $435 | $150 | $90 | $100 | $1,275 | $25.5 billion |

# SCENARIO #4

## 52¢ x $28 million= $1,456,000,000

## (Total= 30+52= 82¢)

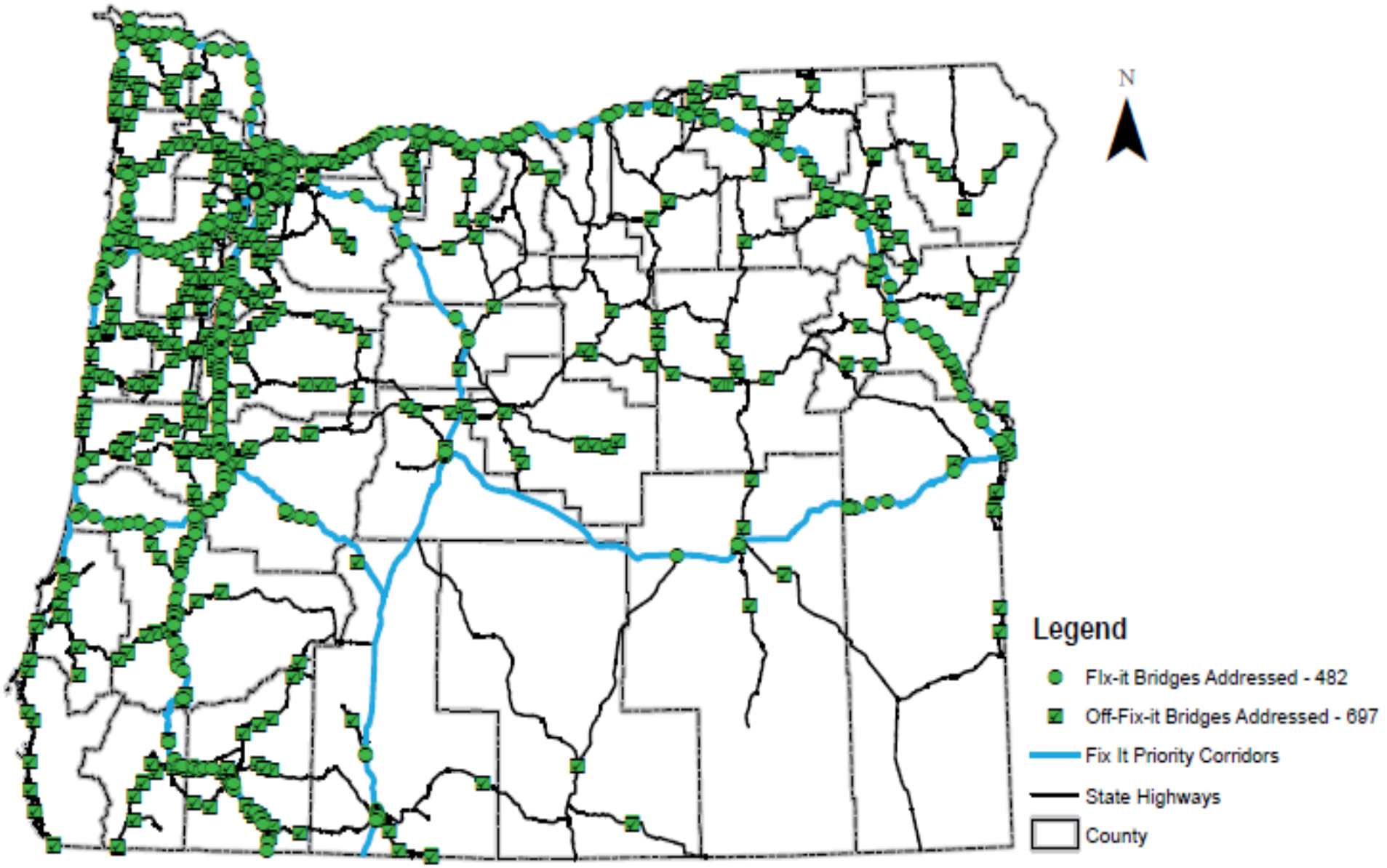


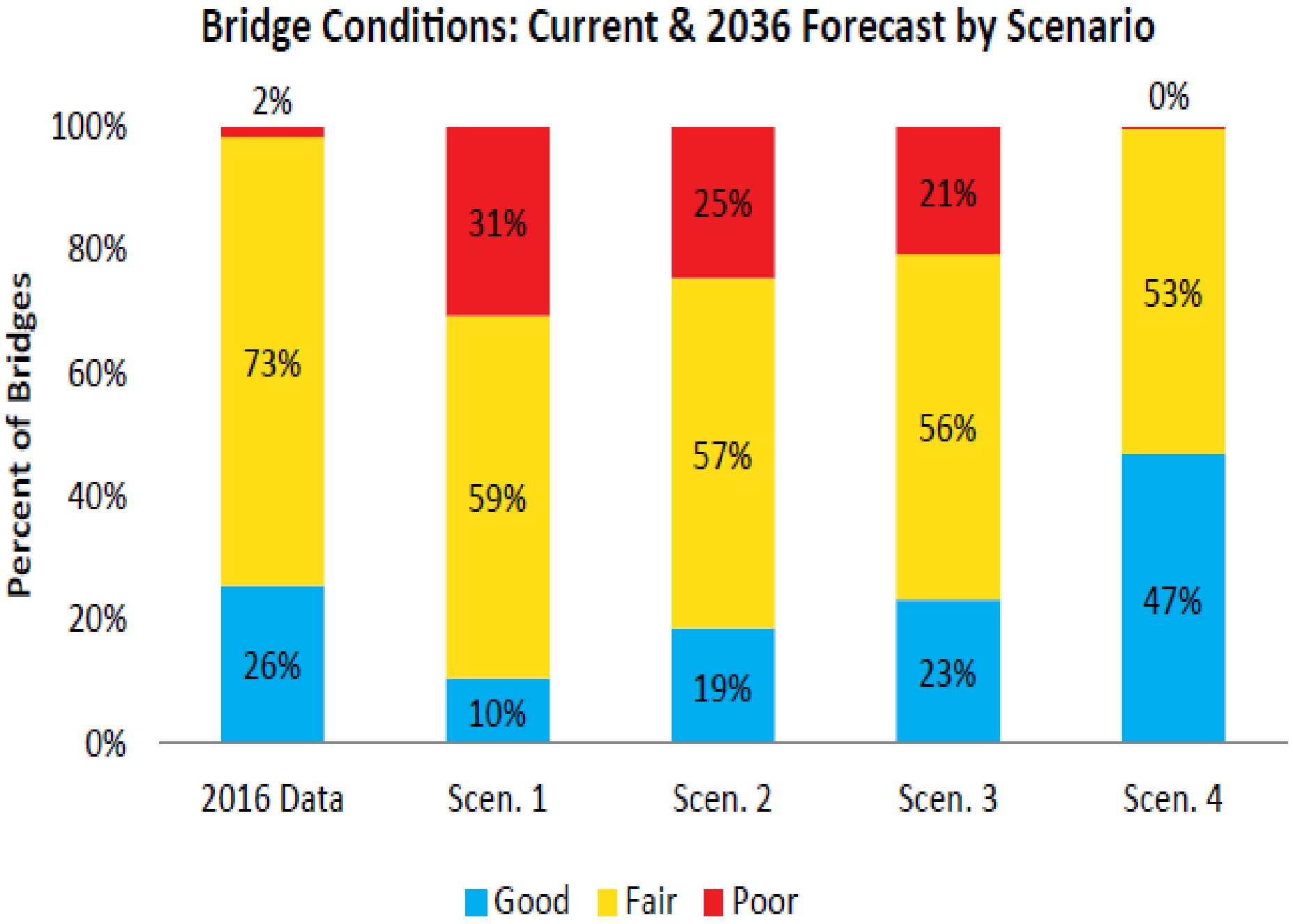

**Decisions:**

1. How much tax? 52¢?
2. How much bond? 25%?

Amount of Bond: $2,184,000,000

# SCENARIO #4


N
Legend
Fix-it Bridges Addressed - 482
Off-Fix-it Bridges Addressed - 697
Fix It Priority Corridors
State Highways
County


Bridge Conditions: Current & 2036 Forecast by Scenario
Percent of Bridges
100%
80%
60%
40%
20%
0%
2%
73%
26%
31%
59%
10%
25%
57%
19%
21%
56%
23%
0%
53%
47%
2016 Data
Scen. 1
Scen. 2
Scen. 3
Scen. 4
Good
Fair
Poor

**(These numbers are over the next 20 years)**

**Table 1. Scenario Analysis Summary of Results**

| | Scenario 1 Current Funding | Scenario 2 Limited Highway Corridors | Scenario 3 Preserve Priority Corridors | Scenario 4 Meet Needs |
|---|---|---|---|---|
| **Economic Impacts** | | | | |
| Forfeit Jobs | 75,000 - 120,000 | 70,000 - 90,000 | 50,000 - 60,000 | 0 |
| Lost GDP, billions | $155 -$605 | $144 - $355 | $88 - $156 | 0 |
| **State Infrastructure Condition** | | | | |
| Bridges Repaired | 130 | 355 | 482 | 1179 |
| Bridges Weight Restricted | 370 | 317 | 272 | 0 |
| Pavement % Fair or Better | 53% | 68% | 76% | 90% |
| 20 Year Budget,* billions | $8.7 | $14.7 | $17.7 | $25.5 |
| Bridge Backlog, billions (disinvestment) | $7.4 | $5.7 | $4.3 | $0.0 |
| Pavement Backlog, billions (disinvestment) | $4.6 | $2.5 | $1.7 | $0.0 |

* See scenario descriptions for detailed list of assumptions. Increased budgets are for 20-year core highway budget categories only: Maintenance, Pavement, Bridge, Seismic, Enhance and Other, not entire ODOT budget; dollars are expressed as 2016 values.

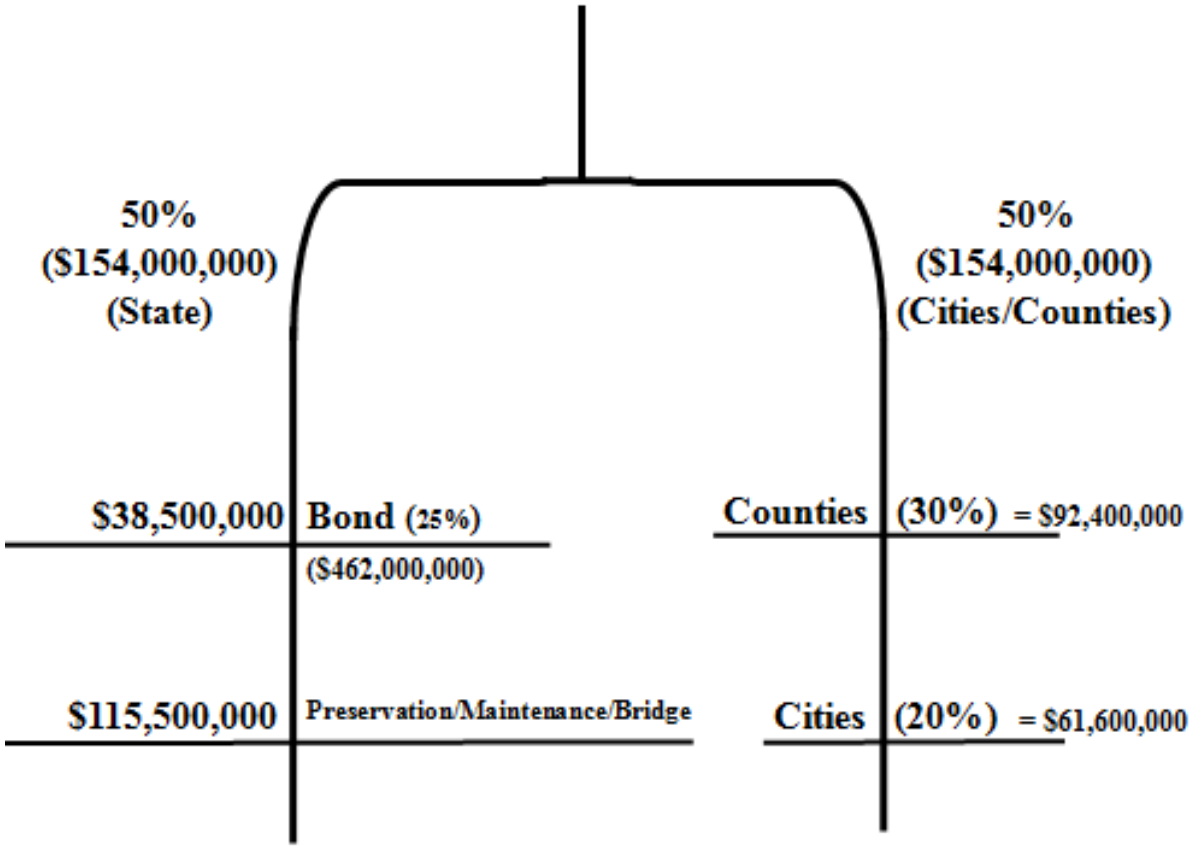
Several members of the work group think that an 11 cent increase would be acceptable.

Here is how an 11 cent increase looks:

# 11 CENT SCENARIO

## 11¢ x $28 million= $308,000,000

## (Total= 30+11= 41¢)




**Decisions:**

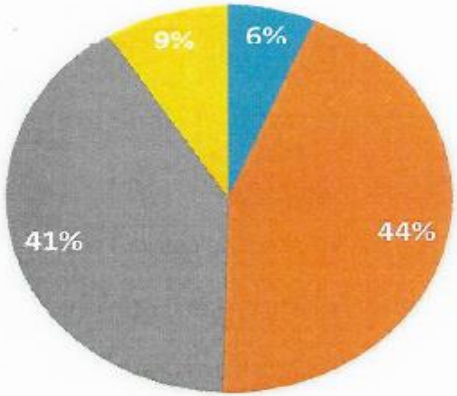
1. How much tax? 11¢?
2. How much bond? 25%?

Amount of Bond: $462,000,000

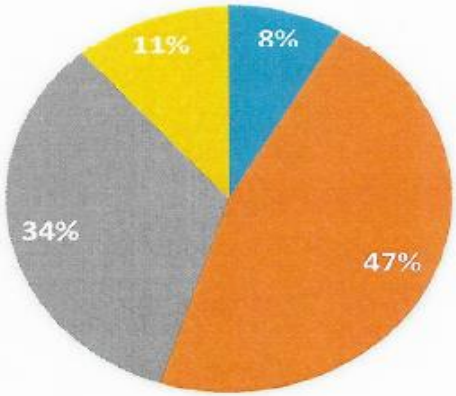
# How Counties/Cities Would Use Additional Revenue:

| Statewide Funding Package Size | $300 million | $450 million | $600 million |
|---|---|---|---|
| County Share of Statewide Package | $90 million | $135 million | $180 million |
| **Funding Category** | **Annual Expenditures** | | |
| Capital Construction | $39,600,000 | $63,450,000 | $88,200,000 |
| Pavement Preservation | $36,900,000 | $45,900,000 | $48,600,000 |
| Safety Investments | $8,100,000 | $14,850,000 | $25,200,000 |
| Maintenance and Operations | $5,400,000 | $10,800,000 | $18,000000 |
| Equivalent Gas Tax Increase | $0.11 | $0.16 | $0.21 |

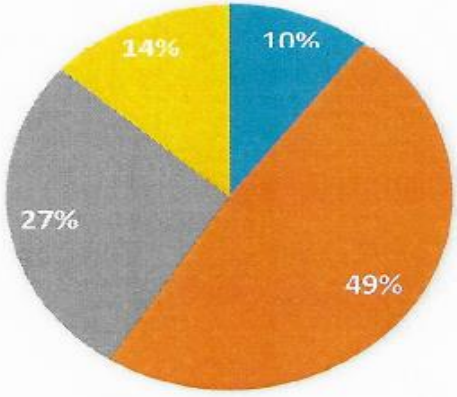
**$300/$90**




**$450/$135**




**$600/$180**




**Capital Construction**
Ex: Road Construction, Bridge Replacement, Congestion Relief

**Pavement Preservation**
Ex: Chip Seal, Overlay, Pavement Repair

**Safety Improvements**
Ex: Signage, Signals, Pavement Striping

**Maintenance and Operations**
Ex: Culvert Repair, Gravel Road Repair, Storm Response/Repair

# PHASED INCREASE

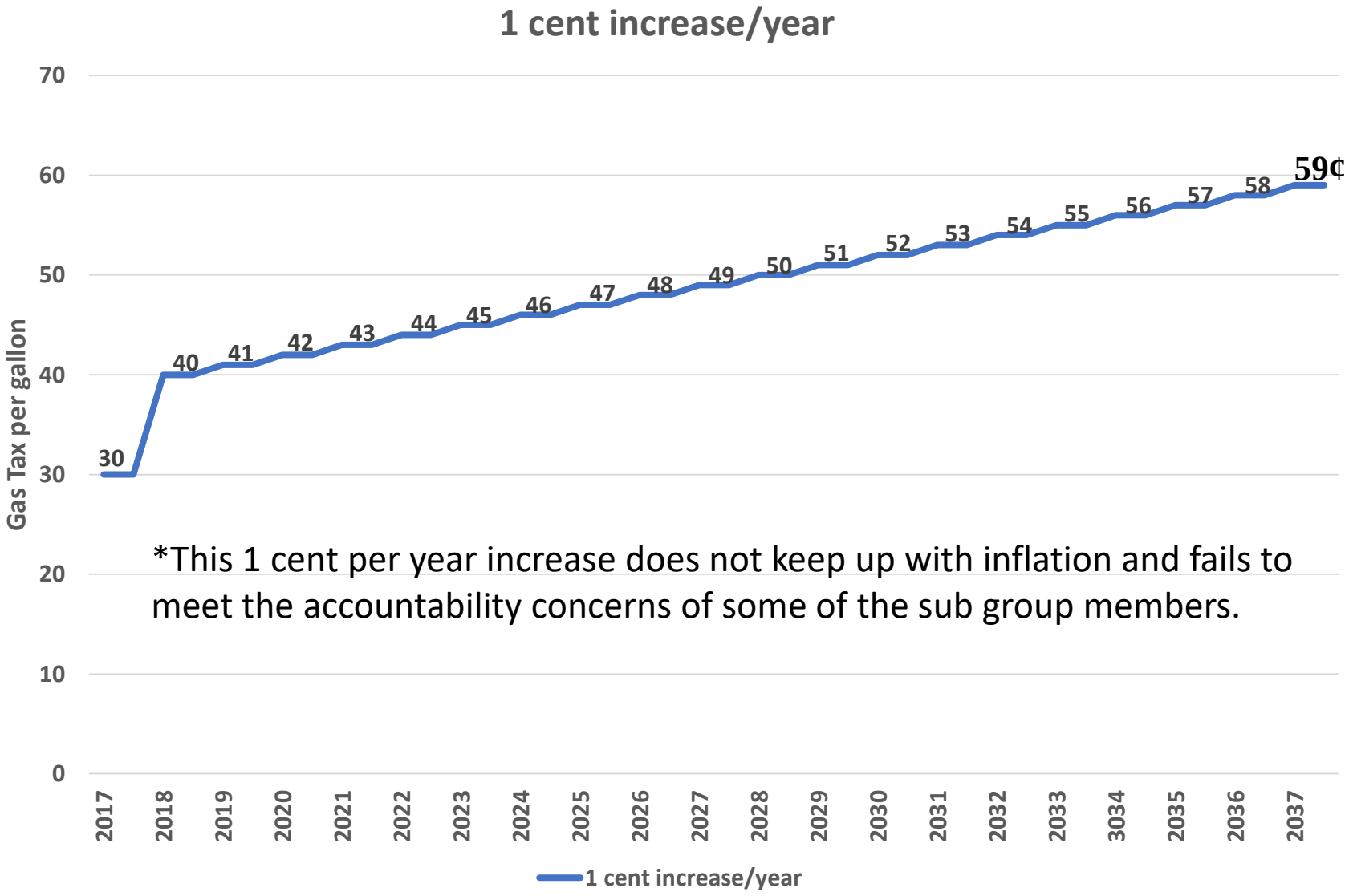
The 24 year period of disinvestment has created a shortfall that cannot be made up in one year.

Thus, a “phased-in increase in road taxes” is a suggested alternative.

What follows is a set of alternative amounts over the next 20 years.

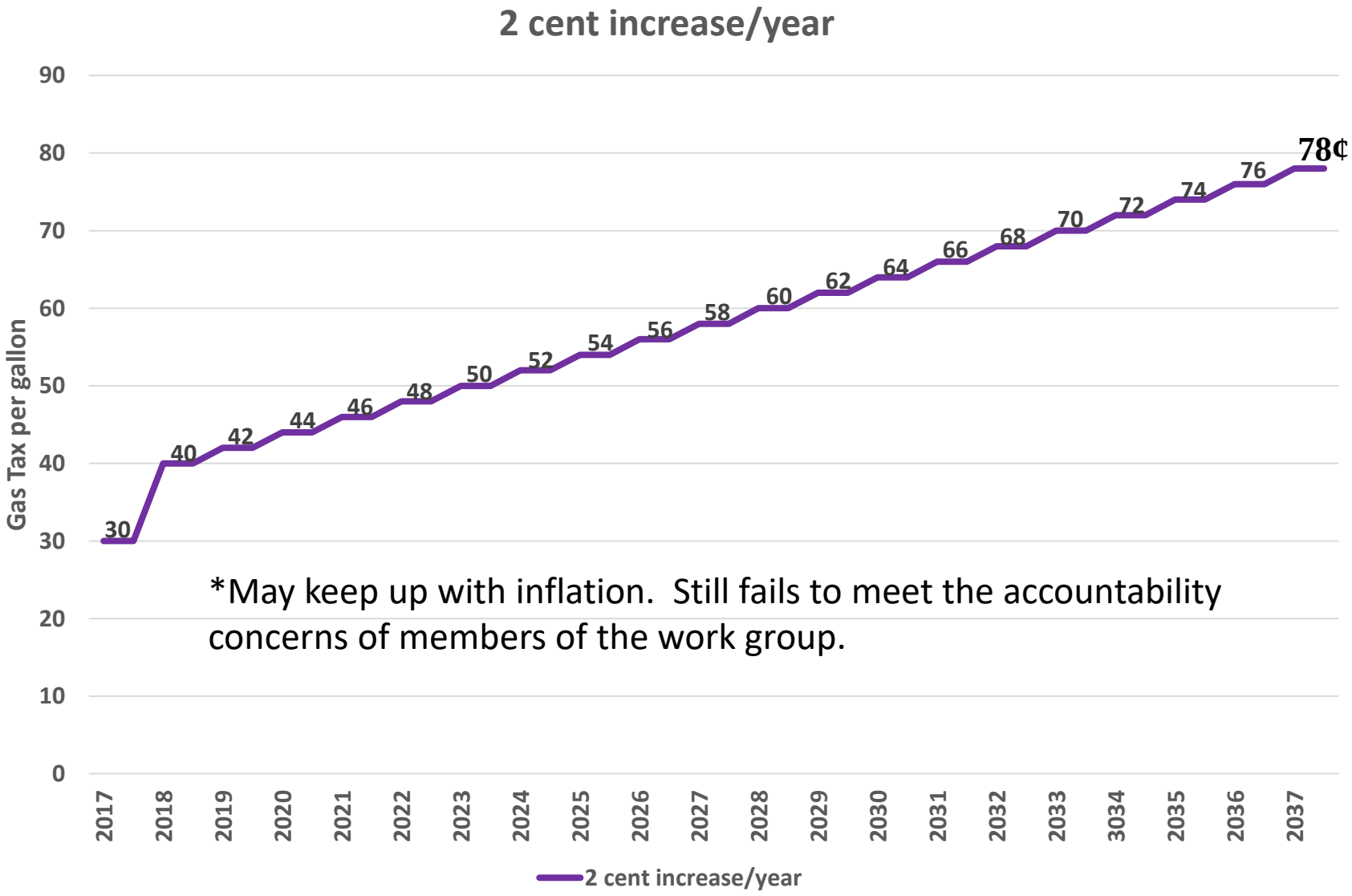
The work group did not reach a consensus on the amount or the means of implementing the phase-in.

# PHASED INCREASE #1



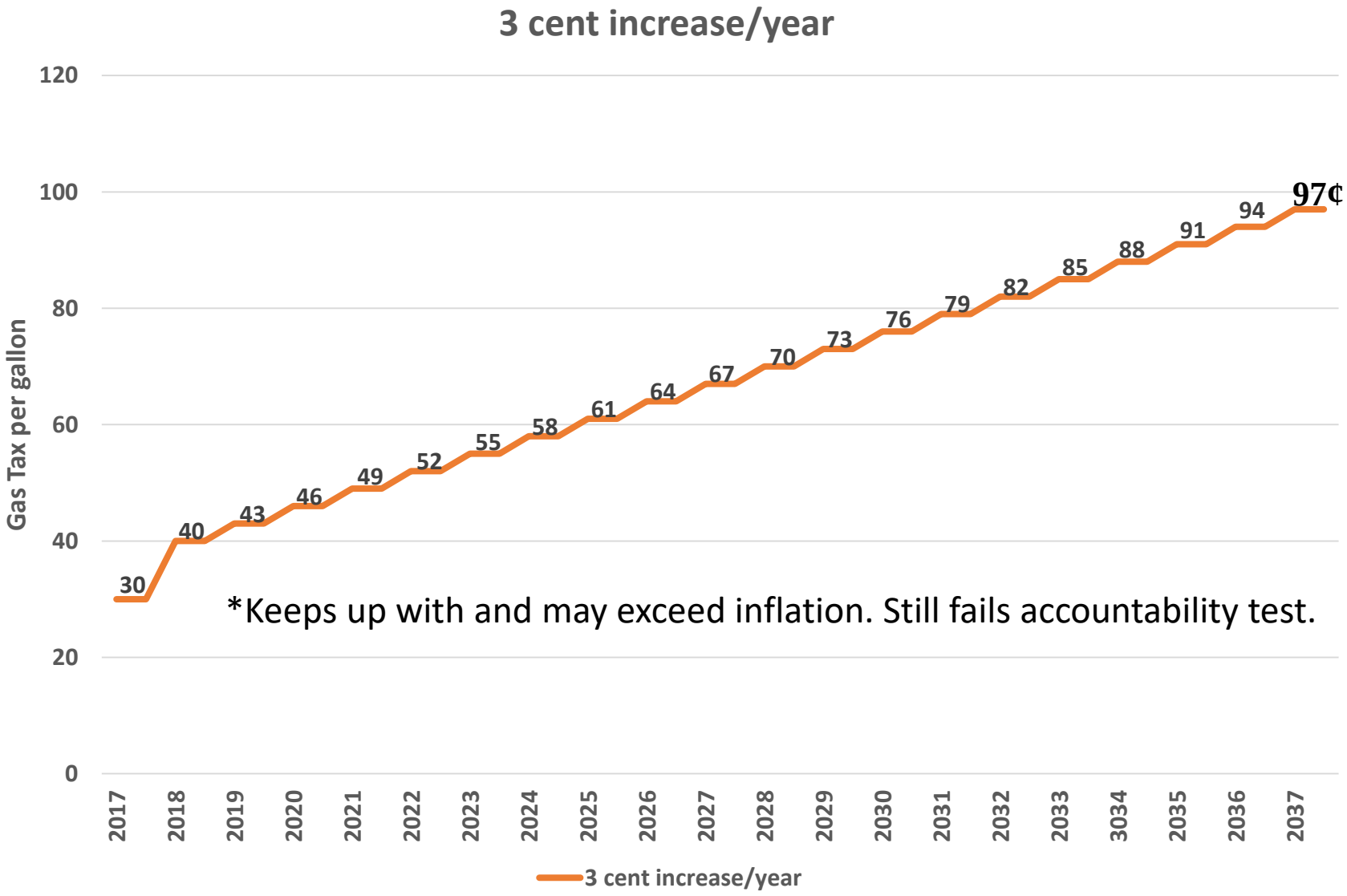

*This 1 cent per year increase does not keep up with inflation and fails to meet the accountability concerns of some of the sub group members.

# PHASED INCREASE #2



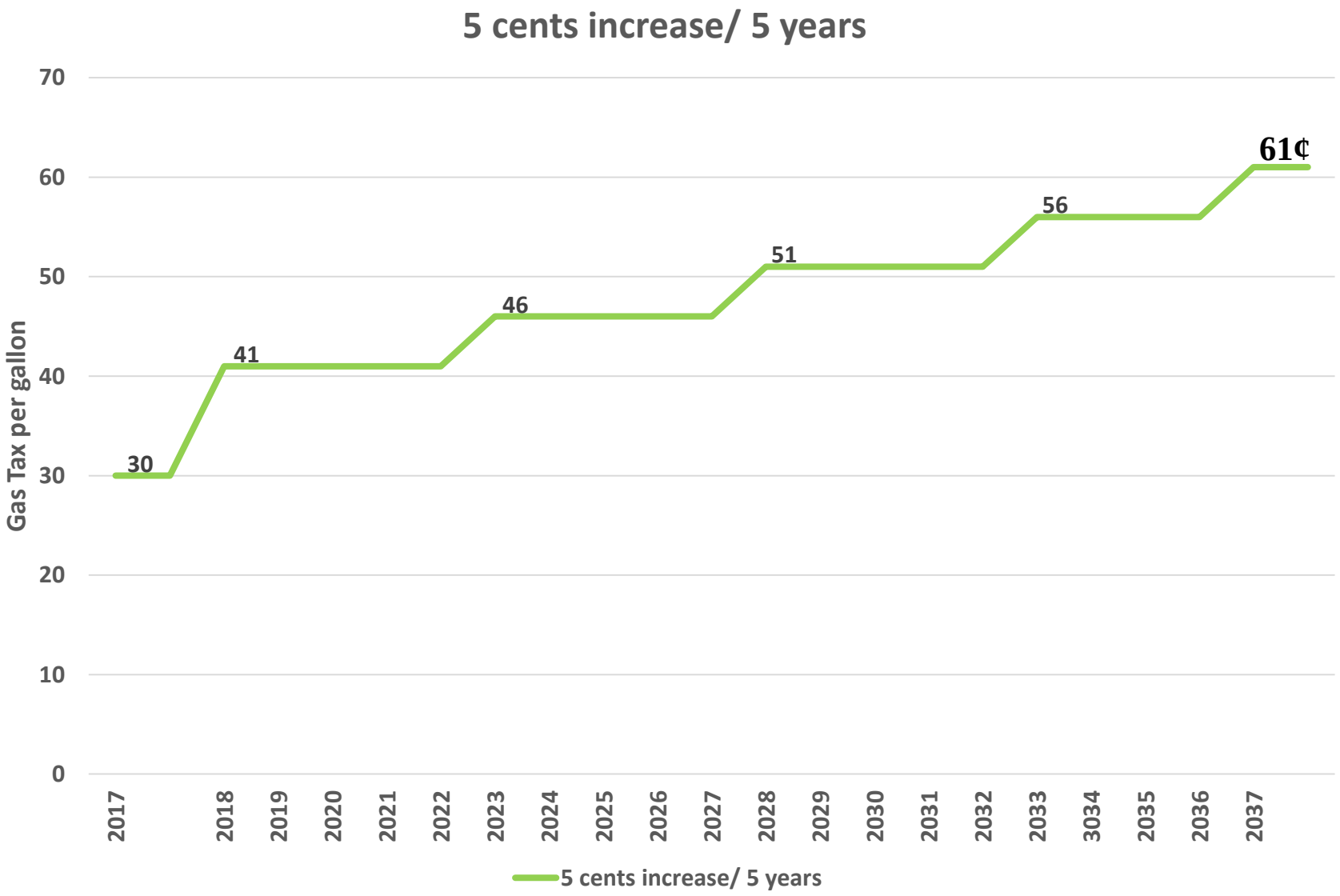

*May keep up with inflation. Still fails to meet the accountability concerns of members of the work group.

# PHASED INCREASE #3




*Keeps up with and may exceed inflation. Still fails accountability test.

# PHASED INCREASE #4



Some members of Work Group #1 suggested that the "phased-in increases" be delegated to the Oregon Transportation Commission.

# SEISMIC

# How Bridges Will Withstand a Seismic Event

- **Over half of the 2,736 Oregon's state highway bridges were built before 1970.**
- **Most of these bridges have reached or exceeded their 50 year design life and were not built to withstand a major seismic event.**
- **The current ODOT bridge budget is able to fund an average of 3 bridge replacements a year.**
- **At this rate it would take over 900 years to replace Oregon's state bridges.**

# It would cost $5.1 billion to pay for seismic-related bridge and rockfall costs

The following table shows the program cost and its components for each of the five phases.

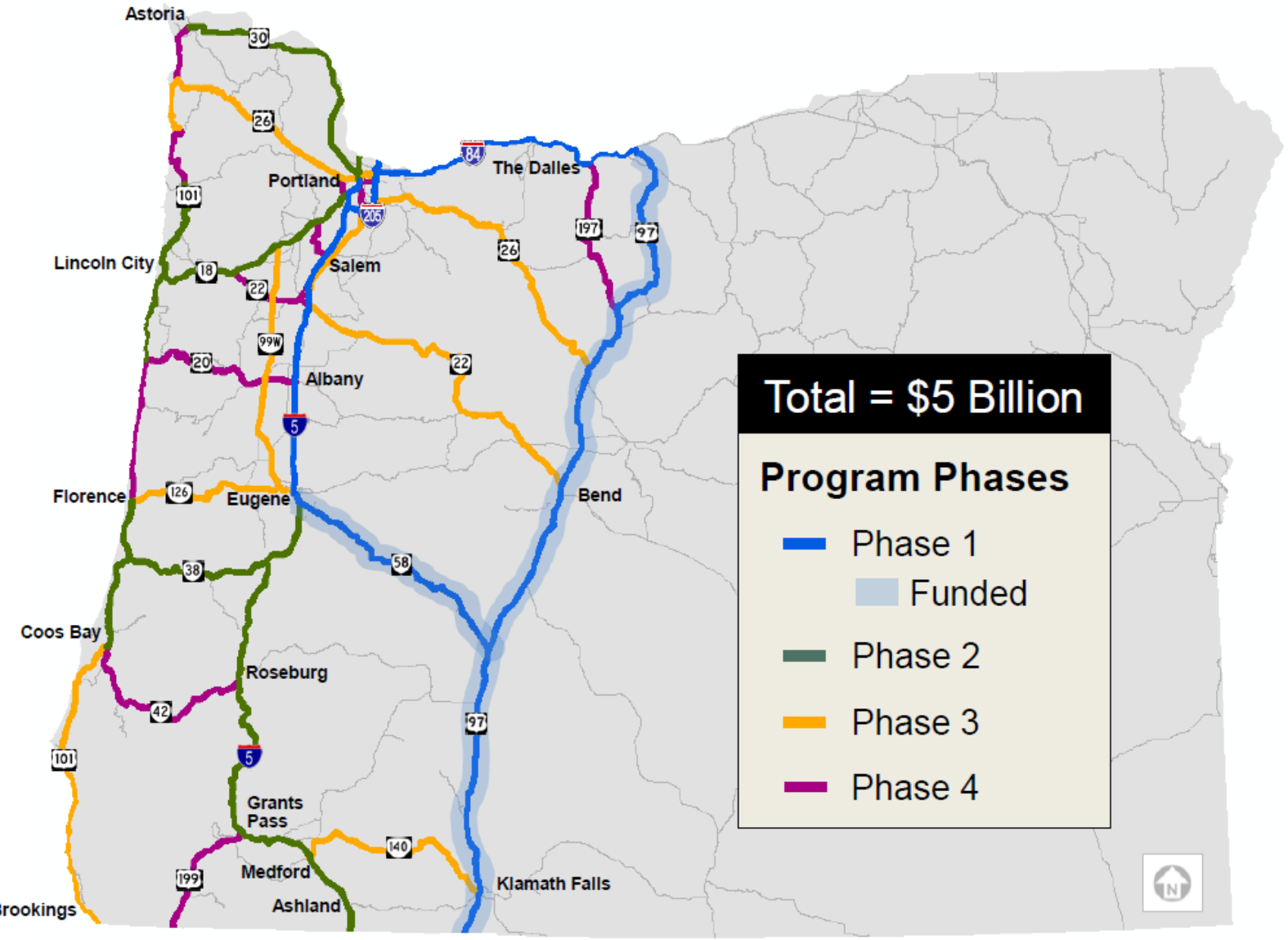
| Program Phases | Total Bridges Cost | | Landslides/Rockfalls Cost | | Total Seismic PLUS Program Cost ($) |
|---|---|---|---|---|---|
| | No. of Bridges | Cost ($) | No. of Slides/Rockfalls | Cost ($) | |
| 1 | 187 | $ 738,063,042 | 64 | $ 197,659,690 | $ 935,722,732 |
| 2 | 195 | $ 631,903,411 | 157 | $ 272,032,450 | $ 903,935,861 |
| 3 | 165 | $ 612,111,479 | 671 | $ 483,183,300 | $ 1,095,294,779 |
| 4 | 159 | $ 640,079,763 | 293 | $ 126,120,930 | $ 766,200,693 |
| 5 | 12 | $ 1,432,253,140 | 0 | $ 0 | $ 1,432,253,140 |
| SubTotal | 718 | $ 4,054,410,836 | 1185 | $ 1,078,996,370 | $ 5,133,407,206 |

*Table1: Seismic Plus Program Cost Summary*

According to ODOT, at 11 cents, with a 1 cent per year phased-in increase, Oregon's bridges will not get fixed, they just won't fall apart as fast.

# Seismic Plus Program

## State Highway Network



# Overall Seismic Resiliency Triage Strategy


## $200 M over 20 years

**Rogue Valley Seismic Triage**
(bridges and unstable slopes on I-5 and OR 140)

**Coastal Forward Supplies & Seismic Response Kits**

1. Astoria
2. Newport
3. Coos Bay

**Local ODOT Triage**
(address strategic ODOT and local bridges/major river crossings)

**Seismic Options Report**
(not part of $200 M total above)

- Phase 1 – Partially Funded
- Phase 2

# Work Group #1 discussed but did not reach consensus regarding the following:

# Should the gas tax be increased, and if so, by how much?

(Several of Work Group #1 members suggested between 9-11¢)

# Should part of an increase, if any, be used solely for MPS, or should it be divided between MPS, congestion relief, and seismic?

# The estimated ROI on preservation is: 9 to 1

# The ROI on modernization is more difficult to measure.

# If part of any gas tax increase is bonded, upon what should the bonded sum be spent?

# COLLATERAL ISSUES DISCUSSED

# INCREASE SMALL CITY ALLOTMENT FROM $1 MILLION TO $5 MILLION

(WORK GROUP #1 WAS IN GENERAL AGREEMENT ON THIS)

# Adopt the Counties Agreement Concerning Allocation of a Portion of the County Allocation to Low-Registration Counties with Many Road Miles.

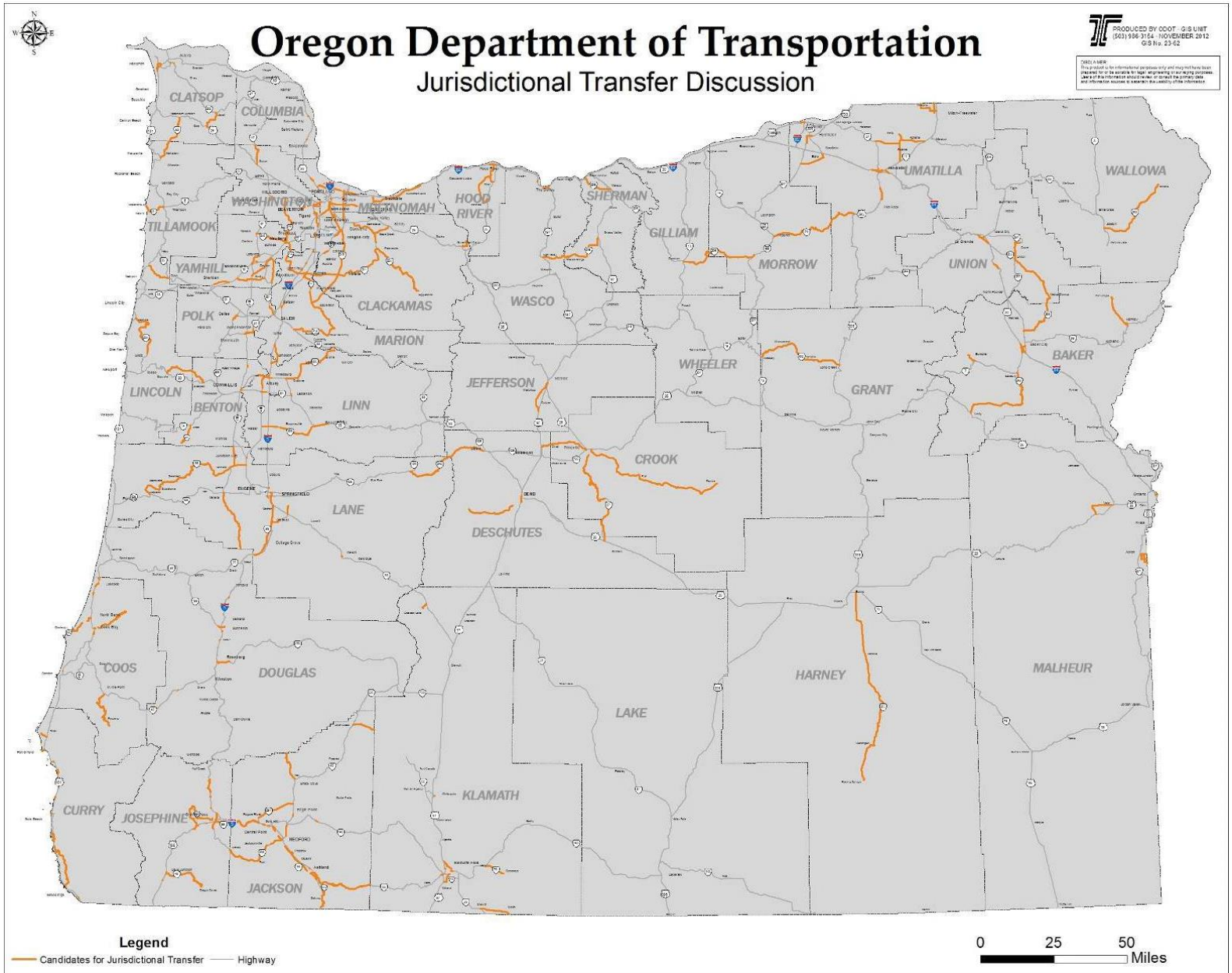
# Special County Allotment (SCA) Based on a Miles / Registered Vehicles Ratio

| | |
|---|---|
| **New SCA Fund:** | $ 5,000,000 |
| **New Revenue:** | $ 85,000,000 |

*Amount expected for traditional allocation*

| | | | | | | New Transportation Package (2017) | | |
|---|---|---|---|---|---|---|---|---|
| **County** | **Road Miles** | **Registered Vehicles** | **Miles / Vehicles** | **Existing 2016 State Highway Fund** | **New SCA to County** | **Total New Revenue** | **$ Change** | **% Change** |
| Sherman | 447 | 3,732 | 0.1197 | $ 216,476 | $ 664,248.22 | $ 1,034,517 | $ 738,340 | 249.3% |
| Gilliam | 407 | 3,589 | 0.1134 | $ 207,375 | $ 629,235.51 | $ 1,001,900 | $ 700,489 | 232.4% |
| Wheeler | 259 | 2,436 | 0.1065 | $ 139,733 | $ 591,092.88 | $ 787,524 | $ 639,455 | 431.9% |
| Harney | 812 | 11,580 | 0.0701 | $ 660,103 | $ 389,070.79 | $ 1,550,982 | $ 618,971 | 66.4% |
| Morrow | 959 | 15,999 | 0.0600 | $ 914,718 | $ 332,855.96 | $ 1,673,277 | $ 650,487 | 63.6% |
| Wallowa | 713 | 12,135 | 0.0588 | $ 691,350 | $ 326,119.10 | $ 1,258,387 | $ 567,037 | 82.0% |
| Lake | 729 | 13,335 | 0.0547 | $ 758,177 | $ 303,553.01 | $ 1,326,472 | $ 568,295 | 75.0% |
| Malheur | 1,735 | 36,574 | 0.0474 | $ 2,109,598 | $ 263,258.50 | $ 3,286,914 | $ 989,369 | 43.1% |
| Grant | 488 | 11,757 | 0.0415 | $ 672,122 | $ 230,321.79 | $ 1,135,858 | $ 463,736 | 69.0% |
| Baker | 905 | 23,818 | 0.0380 | $ 1,363,860 | $ 210,825.89 | $ 2,047,549 | $ 683,689 | 50.1% |
| Jefferson | 601 | 27,877 | 0.0216 | $ 1,576,191 | $ 119,647.81 | $ 2,249,286 | $ 673,095 | 42.7% |
| Wasco | 674 | 32,710 | 0.0206 | $ 1,863,437 | $ 114,299.91 | $ 2,627,135 | $ 763,697 | 41.0% |
| Umatilla | 1,670 | 92,438 | 0.0181 | $ 5,287,865 | $ 100,297.19 | $ 7,223,350 | $ 1,935,485 | 36.6% |
| Union | 598 | 33,907 | 0.0176 | $ 1,936,525 | $ 97,896.60 | $ 2,707,583 | $ 771,058 | 39.8% |
| Crook | 472 | 34,367 | 0.0137 | $ 1,928,481 | $ 76,205.89 | $ 2,686,981 | $ 758,500 | 39.3% |
| Klamath | 869 | 85,381 | 0.0102 | $ 4,889,810 | $ 56,472.45 | $ 6,641,367 | $ 1,751,557 | 35.8% |
| Tillamook | 328 | 34,862 | 0.0094 | $ 1,985,530 | $ 52,291.02 | $ 2,729,942 | $ 744,413 | 37.5% |
| Douglas | 1,141 | 135,254 | 0.0084 | $ 7,737,713 | $ 46,819.44 | $ 10,469,754 | $ 2,732,041 | 35.3% |
| Columbia | 538 | 65,029 | 0.0083 | $ 3,700,018 | $ 45,921.28 | $ 5,036,972 | $ 1,336,954 | 36.1% |
| Linn | 1,103 | 142,304 | 0.0078 | $ 8,113,324 | $ 43,043.39 | $ 10,981,554 | $ 2,868,230 | 35.4% |
| Curry | 225 | 30,623 | 0.0074 | $ 1,746,769 | $ 40,842.76 | $ 2,395,576 | $ 648,807 | 37.1% |
| Coos | 526 | 75,830 | 0.0069 | $ 4,323,831 | $ 38,521.00 | $ 5,867,819 | $ 1,543,988 | 35.7% |
| Hood River | 203 | 30,741 | 0.0066 | $ 1,756,276 | $ 36,652.05 | $ 2,403,235 | $ 646,959 | 36.8% |
| Lincoln | 339 | 54,206 | 0.0063 | $ 3,083,904 | $ 34,753.77 | $ 4,194,819 | $ 1,110,915 | 36.0% |
| Yamhill | 669 | 109,825 | 0.0061 | $ 6,254,889 | $ 33,838.10 | $ 8,469,103 | $ 2,214,214 | 35.4% |
| Polk | 478 | 80,351 | 0.0060 | $ 4,558,625 | $ 33,029.32 | $ 6,186,877 | $ 1,628,252 | 35.7% |
| Benton | 447 | 81,941 | 0.0055 | $ 4,676,446 | $ 30,293.13 | $ 6,333,529 | $ 1,657,083 | 35.4% |
| Josephine | 561 | 105,078 | 0.0053 | $ 5,985,059 | $ 29,624.00 | $ 8,100,816 | $ 2,115,756 | 35.4% |
| Clatsop | 229 | 43,845 | 0.0052 | $ 2,499,526 | $ 28,969.23 | $ 3,398,958 | $ 899,432 | 36.0% |
| Deschutes | 937 | 222,066 | 0.0042 | $ 12,487,163 | | $ 16,895,880 | $ 4,408,716 | 35.3% |
| Jackson | 962 | 237,059 | 0.0041 | $ 13,485,087 | | $ 18,191,462 | $ 4,706,375 | 34.9% |
| Lane | 1,436 | 368,590 | 0.0039 | $ 21,009,786 | | $ 28,327,469 | $ 7,317,684 | 34.8% |
| Marion | 1,116 | 338,960 | 0.0033 | $ 19,215,647 | | $ 25,945,081 | $ 6,729,434 | 35.0% |
| Clackamas | 1,411 | 434,650 | 0.0032 | $ 24,745,463 | | $ 33,374,647 | $ 8,629,185 | 34.9% |
| Washington | 1,394 | 518,568 | 0.0027 | $ 29,349,957 | | $ 39,645,181 | $ 10,295,224 | 35.1% |
| Multnomah | 293 | 730,013 | 0.0004 | $ 41,442,925 | | $ 55,936,005 | $ 14,493,079 | 35.0% |

# OREGON'S ORPHAN HIGHWAYS



# Orphan Highways

**The notion is that there are roads that belong to the state, but the state doesn't care about them, and they ought to be in the ownership of the local government. But the local government doesn't have initiative to take them because ODOT has deferred improvement for so many years.**

# Regulatory Modifications to Reduce Costs

1. **Develop a priority measure for projects that have a lower cost per mile for the transport of aggregate to the project.**
   - **Green because less fuel burned getting there**
   - **Economic because the price should be less if closer**
2. **A study of laws and regulations that affect the cost of fuel in Oregon, the impact of that cost on low-income Oregonians, and the impact they have on the ability of the state to add additional costs to a gallon of fuel.**
   - **Included in the study are:**
     - **the LCFS**
     - **the lack of self-serve gas**
     - **the Clean Fuels programs**

# The VW Settlement Money—

## allocate the 15% available in that program for charging stations to light duty vehicle charging stations.

# FLEX FUNDS ($26 MILLION) NOW GOING TO TRANSIT SHOULD BE DISCUSSED

# A MORE REFINED "USER PAYS" SYSTEM WAS DISCUSSED

(ROAD MILE TAX/TOLLING, FOR EXAMPLE)

ODOT SHOULD BECOME MORE EFFICIENT IN IT'S USE OF FUNDS,

AND

HERE ARE SOME EXAMPLES OF ODOT EFFICIENCIES,

WHICH SHOULD BE CONTINUED:

# IMPROVEMENTS IN EFFICIENCY

1. **Right-sizing ODOT agency staffing:**
   - 7% Reduction in FTE--$35 million
2. **Delivering projects more efficiently:**
   - Engineering automation
     - Automated machine guidance--$1.5 million average net benefit
     - Mobile mapping--$1 million net benefit per year
   - Culvert repair without fish passage requirements--$35.75 million
3. **Making DMV more efficient:**
   - Maintain/Reduce FTE--$10 million
   - Online registration renewal
   - Call center management—personnel cost savings
   - Driver education course completion tests
   - New driver manual--$52,566
   - Scanning certificates of financial responsibility--$35,910 (biennial estimate)
   - Microfilm replacement
   - Credit/debit card acceptance
   - Electronic convictions

# IMPROVEMENTS IN EFFICIENCY CONTINUED

4. **Making contracting more efficient:**
   - Electronic file management--$100,000 (biennial estimate)
   - Architecture & Engineering contract improvement effort
   - Contract Administration/Construction Engineering Inspection exemption--$50,000 (biennial estimate)
5. **Saving on the cost of facilities:**
   - Standardized design for ODOT facilities
   - Energy savings in ODOT facilities--$36,000
   - Facilities consolidation
     - Reducing leased space--$2,030,438
     - Related monthly expenses--$11,270 monthly
     - Elimination of annual DAS assessment--$25,721
     - Consolidation of Transportation Safety Division facility--$72,000
   - Reduced custodial costs at the transportation headquarters building--$200,000 (biennial estimate)
6. **Administrative savings:**
   - Cellular program consolidation--$34,000 monthly average
   - Managed print services--$200,000
   - Efficient transit grant management-

# Work Group #1 Briefly Discussed Establishment of a Task Force to Refine Oregon's Approach to Delivering Mega Transportation Projects (in Excess of $500 Million)


The End!