

ODOT's "Fix-it first" fraud

By Joe Cortright : 9-12 minutes : 7/28/2022

ODOT claims that its policy is "fix-it first" maintaining the highway system.

But it is spending vastly less on maintenance and restoration than is needed to keep roads and bridges from deteriorating

It blames the Legislature for not prioritizing repair over new construction

But it chooses to advance policies that prioritize spending money on new construction ahead of maintenance

It diverts funds that could be used for maintenance to pay for cost overruns on capital construction projects.

ODOT pleads its maintenance backlog as a "bait and switch" to get more revenue that it then spends on capital construction rather than fixing roads

A proclaimed "Fix-It First" policy.

The Oregon Transportation Commission (OTC) which directs the activities of the Oregon Department of Transportation, has clearly claimed to prioritize maintenance. In its [2020 Investment Strategy](#), OTC proclaims it prioritizes maintenance of existing roads:

Oregon is a fix-it first state. The Oregon Transportation Plan and Oregon Highway Plan focus on preserving the system; highway improvements are focused on enhancing efficiency and the capacity of existing facilities rather than building new ones. . . . Funding to preserve state highway assets is not adequate, resulting in a triage approach to preservation, rehabilitation, and repair, and maintaining status quo conditions requires more than doubling current funding.

The Oregon Transportation Commission has adopted the Oregon Highway Plan's [policy 1G for Major Improvements](#) which says it will prioritize maintaining the highway system over expanding capacity.

Since road construction is very expensive and funding is very limited, it is unlikely that many new highways will be built in the future. Instead, the emphasis will be on maintaining the current system and improving the efficiency of the highways the State already has. The Major Improvements Policy reflects this reality by directing ODOT and local jurisdictions to do everything possible to protect and improve the efficiency of the highway system before adding new highway facilities.

Policy 1G: Major Improvements

It is the policy of the State of Oregon to maintain highway performance and improve safety by improving system efficiency and management before adding capacity.

A huge and growing maintenance backlog

So how is Oregon doing in implementing this policy: Every report and inventory from ODOT shows that we have a major maintenance gap, and it's getting worse.

ODOT's June 2022 federally required [Transportation Asset Management Plan](#) (TAMP) reports that Oregon is spending \$329 million annually less than is needed to keep roads and bridge at their *current* state of repair> The state is spending less than half of what it would need to (\$156 million of an estimated \$320 million) just to "maintain current conditions" of Oregon bridges. It is also spending only about 40 percent of what it needs to retain existing conditions on Oregon roads (\$112 million of an estimated annual need of \$273 million). Bridges would require an additional 164 million and roads an additional \$165 million, each year, in order to simply maintain current conditions.

An estimated \$320 million is needs to maintain current bridge conditions, and \$539 million per year is needed to meet the desired state of good repair of 78% of bridges "not distressed" over the long term.

Projected annual bridge investment ³	Annual bridge investment needed to <i>Maintain Current Conditions</i>	Annual bridge investment needed to meet <i>Desired State of Good Repair</i>
State Highways: \$156M/year NHS and Interstate only: Approx. \$145M/year	State Highways: \$320M/year NHS and Interstate only: Approx. \$273M/year	State Highways: \$539M/year NHS and Interstate only: Approx. \$420M/year

A noticeable decline in bridge conditions on the NHS is projected over the next 10 years. It is projected about 6% of Oregon's NHS bridges will be in *good* condition in the year 2032, and that about 6% will be in *poor* condition.

ODOT estimates that the agency needs approximately **\$273 million per year to maintain current pavement conditions** and continue to meet the desired state of good repair of 90% "fair" or better, over the long term across the entire system.

Projected annual pavement investment ¹	Annual pavement investment needed to <i>Maintain Current Conditions</i>	Annual pavement investment needed to meet <i>Desired State of Good Repair</i> ²
State Highways: \$112M/year NHS and Interstate only: Approx. \$90M/year	State Highways: \$273M/year NHS and Interstate only: Approx. \$241M/year	State Highways: \$273M/year NHS and Interstate only: Approx. \$241M/year

ODOT's [Investment Strategy, adopted in 2020](#) admits it is dramatically underspending on maintenance, and that Oregon roads and bridges will deteriorate. The state has other manifold needs that aren't funded.

- ODOT's plans say we need to spend \$5.1 billion seismically retrofitting hundreds of Oregon Bridges: It currently has funding for just 30 of 183 high priority "Phase I" bridges—the balance are unfunded.
- ODOT says we need to be spending \$50 million per year to achieve compliance with the Americans with Disabilities Act on Oregon highways
- ODOT says we need to be spending \$53 million per year to provide or repair walking and biking facilities along state highways.

In the face of a tight budget, ODOT has chosen to cut its operations and maintenance, but still expects an even larger shortfall. In the years ahead. ODOT's January 2022 Budget Outlook predicted a widening budget shortfall:

ODOT now projects that the funding gap has shrunk to \$144 million in 2027, due to stronger revenue growth and larger fiscal year 2021 ending balances through budget discipline. However,

revenues and expenditures remain out of alignment, and without additional revenue or expenditure reductions the gap will grow quickly. By 2029 the gap is projected to grow to \$515 million.

In short, we're not spending enough to maintain the current system, we're cutting operation and maintenance budgets and are facing an even larger shortfall in maintenance funding in the years ahead. And in the face of this, ODOT is marching forward with unfunded plans for huge construction projects that will plunge the state into debt for decades.

Blaming the Legislature

ODOT blames the Legislature for this policy choice. In a 2020 memo to employees, published by the *Oregonian*, ODOT Director Kris Strickler says the reason the agency has to slash operating costs and maintenance is because the Legislature short-changed the agency. Here's the [Oregonian's](#) coverage:

“Many will wonder how ODOT can face a shortfall of operating funding after the recent passage of the largest transportation investment package in the state's history,” Kris Strickler, the agency's director, said in a Wednesday email to employees, stakeholders and other groups, citing the 2017 Legislature's historic \$5.3 billion transportation bill. “The reality is that virtually all of the funding from HB 2017 and other recent transportation investment packages was directed by law to the transportation system rather than to cover the agency's operating costs and maintenance.”

The public and likely the Legislature will be surprised to know that “directing money by law to the transportation system” somehow precludes ODOT from spending money to maintain those roads. The truth is that ODOT's deceptive cost estimates and discretionary reallocation of funds are really what's short-changing operations and maintenance.

Constantly proposing new construction and under-estimating its cost

While ODOT blames the Legislature, it is the agency advancing hugely expensive new capacity projects, including the I-5 Rose Quarter (1.45 billion), I-5 Bridge Replacement/freeway widening (\$5 billion+), I-205 Abernethy Bridge (\$700 million) and Boone Bridge (not revealed).

The Legislature approves these projects based on cost estimates provided by ODOT and then ODOT treats this as a mandate to pay whatever cost-overruns the project incurs. In the case of the [I-5 Rose Quarter project](#), the Legislature was told it would cost \$450 million in 2017; the current price tag is now estimated at as much as \$1.45 billion. ODOT told the Legislature the I-205 Abernethy Bridge would cost \$250 million; its price tag has doubled to nearly \$500 million. These cost overruns directly reduce funding available for maintenance. By failing to correctly estimate costs, and by always paying for cost-overruns, ODOT's actual policy prioritizes new capacity construction over maintenance.

Diverting maintenance funds to new construction

ODOT routinely diverts funds allocated to and available for maintenance to fund capital construction projects.

It used [interstate maintenance discretionary funds](#) to pay for the planning of the failed Columbia River Crossing project. It diverted funds that could otherwise be used for maintenance to pay for the Interstate Bridge

Replacement project. It routinely prioritizes capital construction in the use of “[unanticipated federal funds](#)” and “[project savings](#).” It cobbled together just these funding sources to pay for the initial work on the [I-205 Abernethy Bridge](#) before the Legislature authorized any funding for the project. Each year it gets a tranche of what it calls “unexpected” federal funds (federal money that is unspent from nationally competitive programs that is allocated to the states). At its [July, 2022 meeting ODOT recommended \(and the OTC approved\)](#) using this money, which could be applied to the maintenance backlog, to fund \$10 million towards the Interstate Bridge Replacement project.

This bias toward highway expansion at the expense of maintenance will be amplified by ODOT plans to issue massive amounts of debt for new highway construction. ODOT is pursuing a risky bonding strategy for billions of dollars of Portland-area freeway expansion projects, that effectively pledges to use maintenance monies to repay bond-holders. HB 3055 allows ODOT to [pledge all of its state and federal funds to the repayment of toll-backed bonds](#). If toll revenues are less than projected—which happens frequently—ODOT would be legally obligated to cut funding for maintenance statewide to pay back bond holders.

Bait and switch

For years, ODOT has come to the Legislature, pleading poverty: It doesn’t have enough money to maintain our roads, therefore, we need to increase gas taxes, weight-mile taxes and registration fees. Then, when the Legislature authorizes higher taxes, ODOT uses this money not to reduce the maintenance backlog, but instead to fund giant new construction projects. When these projects go over budget, it cannibalizes funds that could be used for maintenance, and comes back to the Legislature, again pointing to its self-created backlog of funding needs to fix potholes and preserve bridges. In reality, Oregon is a “fix it last” or “fix it never” state: the maintenance spending backlog is just a perpetual excuse to force the Legislature and taxpayers to give the agency more money, which it will then plow into expanding roadways.