



## Comments before the Joint Committee on Transportation September 25 – 2024

### Jim McCauley, Legislative Director

On behalf of Oregon's 241 cities, I appreciate the opportunity to provide input today on the 2025 transportation package.

Like this committee, I have had a chance to tour Oregon and attend nearly all the roadshow meetings across the state. Leaders from every community have shared the importance of transportation investment in operations, maintenance programs, or projects.

The additional funding for cities since 2017 has been significant and much appreciated by all cities. Nothing has changed that view from any local government leader throughout this process. I continue to hear about the importance of transportation investment because of its value in neighborhoods, along main streets, connecting cities, and creating opportunities by connecting to economic development and community housing projects.

What has changed in our view is the financial condition of cities. The LOC completed a member survey in the spring of this year, referred to as the [2024 State of the Cities Report](#). Based on these survey results, the existing revenue sources that cities draw from are not keeping up with the growing demand for services in their communities.

The survey identified that 68 percent of the cities had seen an increase in service demand since 2021. Many of these cities responded with increased fees to try and match demand, but many have cut services and reduced staff. While every region of the state is experiencing budget challenges, the survey shows the most pronounced impacts are in the southern Willamette Valley and Central Oregon. We learned that a full third of cities have or are cutting staff or reducing service delivery in 2024, and we expect that number to grow to over 50 percent within the next 6-12 months.

I'm starting with this economic data because I want this committee to understand the challenges that cities face across Oregon and recognize that cities do not have a budget surplus anywhere near the scale of what the state has drawn from. This is an important part of the policy discussion this committee and the legislature will be undertaking for the next several months. It demonstrates the importance of the transportation revenue-sharing formula known as 50-30-20 and that cities are limited in funding to meet core services, including their respective transportation investments.

I will shift my remaining time to what we learned this summer from two key member surveys, a [Street Conditions Survey](#) and an [Infrastructure Survey Report](#).

## Street Conditions Survey

The survey was conducted from May 28 to June 21, 2024. Responses were submitted by 113 cities across Oregon, representing 2.4 million citizens (79 percent of Oregon's population) that reside in cities. This [same survey](#) was completed in 2016 to provide data sets that could help frame city street conditions and inform the development of the 2017 transportation package.

Cities were asked to assess the overall condition of the roads and streets they own and manage. This evaluation was based on a set of standardized road conditions and pictures included with the survey provided by the Oregon Department of Transportation. Using the same standards and pictures, we felt you would reduce reporting bias that may enter the evaluation from one engineer to the next. These photos remained the same in 2016 to maintain consistency. Part of the standardization used by cities for assessment includes the Pavement Condition Index (PCI), custom scoring systems, and third-party evaluations.

On average, cities listed 78 percent of their street conditions as Fair, Poor, or Very Poor.

- Fair (38.3%)
- Poor (31.3%)
- Very Poor (10%)

This is a slight improvement from the 2016 survey, which, by comparison, had cities reporting 83 percent of the street conditions in (Fair – Poor – Very Poor) conditions. Given a substantial infusion of funding because of the 2017 transportation package, I would have expected more ground to be made up from the previous data set. Unfortunately, the survey numbers don't demonstrate more substantive improvement. It also illustrates the challenge presented by a lack of stable funding, creating a significant backlog in road maintenance.

I suspect part of the factors that impact these numbers include:

- 1) A higher cost of improving road conditions,
- 2) A significant maintenance backlog in the street mileage
- 3) A city's dependence on the SHF allocation for its operations and maintenance program.

Our surveys reveal some additional details. Cities prioritize their limited funding for main streets or streets with the highest use vs. neighborhood streets. This should be no surprise, but the impacts, of course, are evident with the size and scale of potholes, reduced funding for improvements related to safety, and the ability to keep up with priority maintenance as roads continue to deteriorate in neighborhoods.

Moving to the source of revenues that cities depend on, our members remain dependent on gas tax revenue, either those generated locally or as a primary funding source of the State Highway Fund. The average scale is about 30% of a local transportation budget. In many cases, the SHF is the only revenue source for a city's operations and maintenance budget. This may explain why city managers and city recorders find themselves behind the wheel of a snowplow or dump truck. Utility fees and street taxes make up around 10% each. In some communities, the remaining funding sources come from state and federal grants, general fund transfers, bonds, special taxes, and car rental tax.

### **Infrastructure Survey Needs**

125 cities responded to an infrastructure needs survey during the spring of 2024. This survey was a little more expansive than the street conditions data, which picked up 88 percent of the population in Oregon's cities. The survey design allowed the LOC to collect data related to both water-related infrastructure and transportation infrastructure.

On average, the responded cities have 89 center-line miles and 182 lane miles they are responsible for maintaining. This largely captures small communities with a population of less than 10,000. Once above this population threshold, your average lane mile in each city bounces up to 400 miles.

When cities were asked how much they budgeted over the previous three years for transportation-related costs, the total was approximately \$1 billion. Estimates from the cities responding show a need of \$1.3 billion for non-highway-related costs. The responding cities also estimated \$4.5 billion in highway projects within their jurisdictional boundaries. Combined, the need for highway and non-highway projects in cities is \$5.8 billion.

What's important to understand about this survey is that the total transportation and water-related infrastructure needs are more than \$12.1 billion, which should illustrate that the infrastructure challenges that cities face are not limited to transportation but also include a significant need for water-related projects.

There are some additional readouts from the survey that are important to share.

- The survey responses revealed that cities have several key transportation operation and maintenance needs, the most pressing being sustainable funding. Many cities struggle to secure adequate financial resources to maintain and repair streets, traffic signals, and infrastructure. This lack of funding affects their ability to perform essential tasks such as pavement rehabilitation and crack and chip sealing.

- Street and pavement maintenance is a critical concern, with some cities emphasizing the need for ongoing repairs and resurfacing to keep streets in good condition. During the 2016 survey, cities revealed a combined transportation maintenance backlog of over \$200 million. This has not appreciably changed for this cycle as cities try to keep up with a growing number of deteriorating road miles.
- Many cities are working to upgrade ADA ramps and ensure streets and sidewalks are accessible for all residents.
- Traffic signal and control maintenance are essential operation and maintenance needs. Many cities are focused on upgrading outdated signals, installing new ones, and maintaining proper signage.
- Cities commonly listed replacing aging equipment and increasing staffing levels as necessary to meet their maintenance needs.
- Finally, safety and compliance remain a priority, with cities working to improve pedestrian infrastructure, address high crash areas, and ensure safe routes to schools.