

Oregon's Transportation System Faces Structural Funding Challenges

How Did Oregon Get Here?

Maintaining Oregon's transportation system is something most people can agree the government should do. People walking, driving, biking and rolling value smooth roads, safe ways to cross the street, snow clearing in winter, highways free of trash and graffiti, and excellent customer service. But ODOT and other transportation agencies across Oregon are cutting back on staffing levels and maintenance spending. Why is that?

Oregon's way of funding transportation has become antiquated. The state relies on gas tax receipts combined with fees on vehicles and freight haulers to form the State Highway Fund, which then distributes money to transportation agencies across the state.

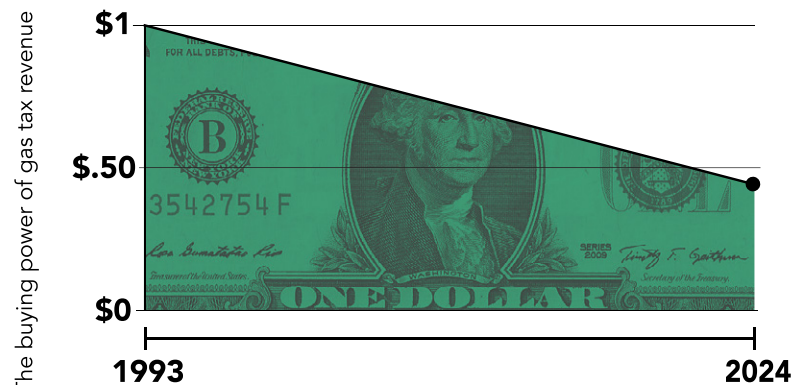
While this structure has supported the state's transportation system for a long time, the State Highway Fund as it is today won't be able to support the maintenance, operation, and safety of our system, and of ODOT, into the future. This is due to three main causes:

1 DECLINING GAS TAX REVENUE

Oregonians are driving increasingly fuel-efficient vehicles and switching to electric vehicles at a high rate – this is good as it will drive carbon emissions from transportation down 60% over the next 25 years. **But with increased fuel efficiency and more EVs, Oregon sees lower tax revenues and less money available to maintain the transportation system.**

2 HIGH INFLATION

Inflation has made maintaining the transportation system more expensive. The materials and staffing necessary to provide the services Oregonians rely on have gone up dramatically in cost. **Unlike many other states, Oregon's gas tax is static and isn't tied to inflation.** Our vehicle and freight hauler fees are also not tied to inflation. With every year that passes, the same dollar purchases fewer materials and less service.

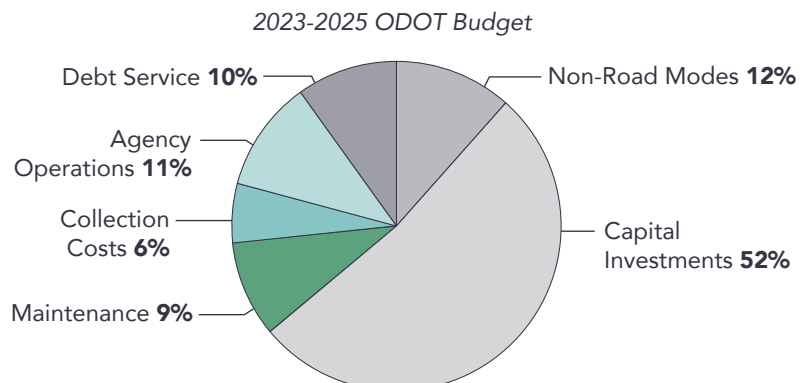


* Since 1993, the last time the federal gas tax was raised, inflation has increased to where \$1 in '93 is worth \$0.46 in 2023

3 RESTRICTIONS ON AVAILABLE FUNDING

Only a small share of the funding that comes into ODOT can be used to maintain the state's transportation system and run the agency.

State law directs almost half of total state highway fund dollars to cities and counties and then dedicates over half of what's left to pay back bonds for past projects and invest in new projects, leaving only about 20 percent of every dollar available for state highway maintenance.



*Not inclusive of one-time general funds granted during 2024 legislative session.

Tough Road Ahead for Travelers

Oregonians can expect longer road closures, more trash and graffiti, worse winter driving conditions, more potholes, and slower DMV customer service because of this structural revenue issue. The decline in Oregon's transportation system won't be limited to state highways because counties and cities rely on the state highway fund for their maintenance services too. State, local, and neighborhood roads, sidewalks and bike lanes will all decline.

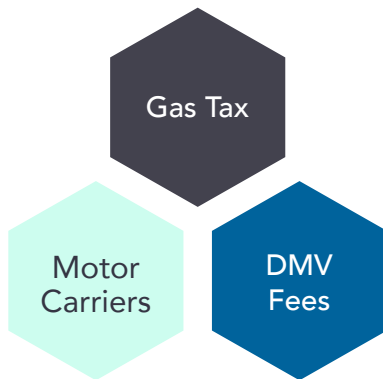


Where Do We Go From Here?

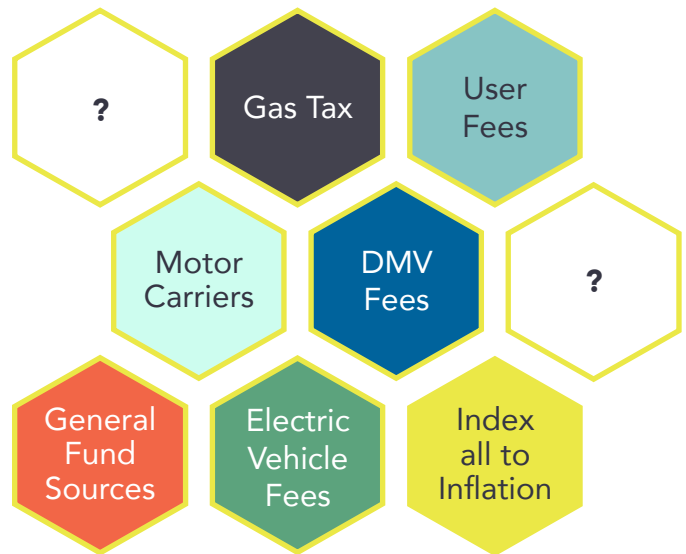
A Road Map to Sustainably Fund Oregon's Transportation System

Sufficient, sustainable, and resilient funding is key to maintaining and modernizing our state's transportation system. Other states choose a variety of ways to sustainably fund a modern transportation system such as raising or indexing transportation fees to inflation, establishing new user fees like a road usage charge or tolls, or transfers from the general fund.

Oregon's Current State Highway Fund Revenue Sources:



Sustainable Funding Options for Oregon to Consider:



URGENT ACTION IS NECESSARY FOR THE SERVICE OREGONIANS DESERVE

ODOT has enough funding to keep state highway maintenance levels roughly stable until the middle of 2025. After that, in the absence of additional revenue or revenue reform, **Oregonians will see a rapid decline in the safety, quality, and reliability of their transportation system.**

The legislature is working toward a comprehensive transportation modernization package in the 2025 legislative session. ODOT looks forward to working with our partners to help the Legislature identify sustainable solutions to Oregon's structural transportation budget issues.



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Maintaining the System

Oregon's Statewide Transportation System

ODOT's mission is to maintain a safe, accessible, and reliable transportation system for all Oregonians.

Statewide, ODOT is responsible for about 8,000 miles of roads, 2,770 bridges, 180,000 traffic signs, and countless critical safety features throughout the system. Our teams of dedicated professionals, locally based in 88 communities throughout Oregon, are on the front lines delivering essential day-to-day services that keep our roads open and safe every day.

As stewards of the state's multimodal transportation system, ODOT maintains and operates the system through two primary methods:

ODOT's Maintenance and Operations Program delivers day-to-day statewide services like emergency and incident response, snowplowing, pavement patching, roadway striping, guardrail repairs, litter and graffiti cleanup, and other essential maintenance services performed by ODOT crews.

ODOT's Preservation Program helps repair and replace bridge, pavement, culvert, and signal infrastructure to ensure long term performance. The investments in this program are prioritized to protect the state's existing infrastructure and safe operations while striving to strengthen seismic resiliency, connectivity, and reach Oregon's climate goals.

By the numbers statewide (2021-2023 biennium):

- Maintenance equipment inventory: 6,183
 - This includes a range of equipment from a pick-up (light fleet) to a 10-Yard Truck (heavy fleet) to a grader (off-road construction equipment) to a slip-in sander unit.
- Total road miles: 7,982
- Total bridges: 2,773
- Miles of barrier and guardrail: 1,871
- Maintenance facilities: 1,100
- Total signs: 179,795
- Traffic signals: 1,218
- Minor and major sign installment and maintenance hours worked: 102,533
- Minor culverts and Inlets cleaned: 69,211
- Pick up shoulder litter hours worked: 130,775
- Mowable acres of grass: 19,209



Region 1

ODOT maintains and operates the transportation system through the work of five distinct geographic regions. Each region includes unique communities, landscapes, and conditions that determine the priorities and approach to maintaining and operating the transportation system within the region.

Region 1 builds, operates, and maintains the multimodal transportation system serving the Portland metropolitan area, Mount Hood, and the Columbia River Gorge National Scenic Area. With a staff of about 550, Region 1 implements ODOT programs and facilitates multimodal solutions for the 2.2 million residents of Clackamas, Hood River, Multnomah, and Washington counties.

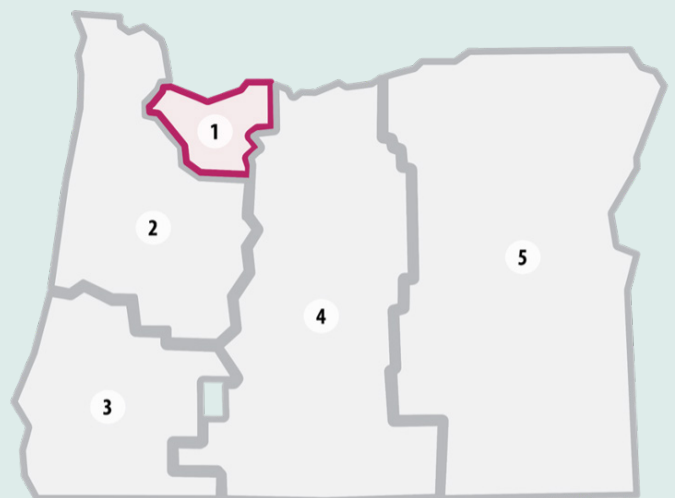
Region 1 is uniquely positioned at the intersection of Oregon's busiest highway interchanges, freight corridors, and ports essential to the state's commerce and is the gateway to many travelers visiting our state. Multiple stretches of Portland-area freeways must accommodate over 100,000 vehicles a day. The unique challenges of the region include managing significant congestion on major highways, rapidly responding to incidents, and improving pedestrian safety for a growing urban region.

Our region also includes many rural communities with notable tourist attractions like Multnomah Falls in the Columbia River Gorge National Scenic Area and Timberline Lodge on Mount Hood. Keeping the roads open and moving smoothly, plowing snow and clearing rock fall is critical to the tourism economy many of our communities rely on.

Region 1 has strong local partnerships to deliver services, from coordinating with regional transit providers for light rail, bus rapid transit, and bus on shoulder, to working in partnership with jurisdictions to improve multi-modal safety, support growth and remove litter and graffiti to keep our cities looking clean and welcoming.

By the numbers Region 1:

- Total road miles: 703
- Number of bridges: 522
- Total full-time employees: 550
 - Maintenance and Operations: 296
- Total maintenance facilities sites: 14
- Average maintenance facility age: 41 years old
- Number of snowplows: 79



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Keeping Oregon's Transportation System Clean and Safe



ODOT's mission is to maintain a safe, accessible, and reliable transportation system for all Oregonians. A key component of ODOT's maintenance work is clearing and cleaning the state's rights of way, including preventive investments to keep Oregonians safe and preserve our transportation infrastructure. Cleanup efforts improve health and safety conditions for everyone.

A Growing Issue

Increases in graffiti, litter, and camps on state-owned land are symptoms of larger societal challenges. Since the pandemic, we've increased our efforts to address this issue. For the 2021-2023 biennium, \$22 million (3%) of ODOT's overall maintenance budget was invested in cleaning and restoring state highway property. ODOT relies on the same funding and staff for graffiti removal and site restoration as we do for storm response, road repairs, and responding to incidents. With structural funding challenges and rising costs, it's becoming increasingly difficult to meet the needs of the system.

Safety is our Priority

Cleaning graffiti, removing litter, and restoring campsites can increase safety risks for the traveling public, ODOT crews, and our contractors. Infrastructure damage and costs to clean and restore these areas has increased in recent years.

ODOT invests in safety features such as fencing, rails, and barriers to help deter people from accessing dangerous locations. ODOT has processes to safely guide our staff and contractors as they perform this work, coordinate with partner agencies, notify campers, and handle personal items.

Unaddressed camping, graffiti and litter also impacts safety perceptions for neighbors, stops travelers from using bike paths and sidewalks, and are costly for ODOT and partners to address. Cleanup efforts provide a temporary fix to a much larger problem. Dedicated long-term solutions are critical to addressing this issue.

Service Delivery

ODOT uses multiple approaches to tackle this complex and challenging work. ODOT has delivery programs and partnerships in place to deliver on all these services and the frequency is balanced with road maintenance needs and funding limitations.

Litter

ODOT uses maintenance crews, youth litter patrols, Adults in Custody work crews, permitted volunteer groups, and an Adopt-A-Highway program to deliver litter clean up services. Due to safety risks, ODOT plans these services in advance, uses traffic control as needed, and has a formal process to safely guide staff as they perform this work and handle items collected.

Graffiti

Graffiti removal is delivered through ODOT maintenance crews and contracted support. We've applied graffiti film, which can be peeled back to remove graffiti – saving crews from costly repairs and replacement – to new ODOT signs. Larger signs require highway closures, proactive alerts to industry partners of potential impacts, and can cost up to \$30,000 to replace.

Camp Clean Up & Restoration

We work with community partners to schedule and execute campsite cleanups. Maintenance staff and law enforcement often talk with

campers and let them know camping is not allowed. Social service organizations offer available assistance and help connect people with resources. Crews then remove any remaining items, which we must store for 30 days. After the personal property and litter are removed from the site, ODOT works to fully restore the property.

Access Prevention

Access prevention includes reinforced fencing, barriers, and vegetation and is delivered through ODOT crews and contracted support. ODOT crews maintain identified vegetation areas as natural barriers as part of our risk management work.

Sponsor-a-Highway Pilot Program

In partnership with Governor Kotek, Central City Concern's Clean Start Program, and Tim Boyle of Columbia Sportswear, this collaborative pilot program aims to expand litter and graffiti cleanup

services in the I-405 corridor in the Portland Metro area. This program began in March 2024 and is funded through private donations. Litter removal is conducted through Central City Concern's Clean Starts Program and graffiti removal is completed by ODOT contractors.

\$20M in new General Funding

In alignment with the Portland Central City Task Force and Governor Kotek's efforts to revitalize Portland, ODOT requested a one-time infusion of \$20 million in general fund dollars to increase the frequency of litter and graffiti removal, camp cleanup service and access prevention installment along major interstates and state highways in the Portland metro region. The legislature recognized the need and championed this effort with the passage of SB 5701 in the 2024 legislative session. Governor Kotek signed SB 5701 into law on April 17, 2024, and on April 18, ODOT began its work.

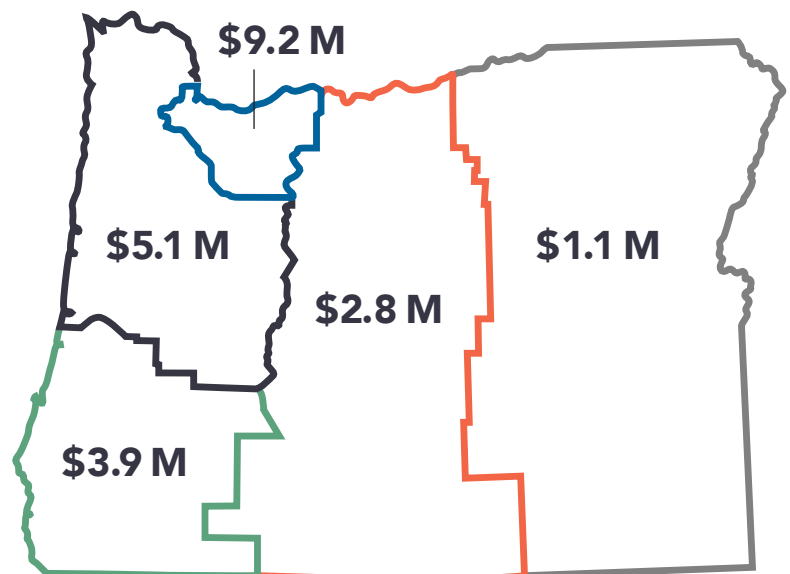
By the numbers (2021-2023 biennium statewide):

For the 2021-2023 biennium, \$22M (3%) of ODOT's maintenance budget went to clean and restore state highway property.

- Litter – \$10.8M
- Campsite & Abandoned Property – \$10.3M
- Graffiti Removal – \$852,000

Expense by Region:

- R1 – \$9.2M (42%)
- R2 – \$5.1M (23%)
- R3 – \$3.9M (18%)
- R4 – \$2.8M (13%)
- R5 – \$1.1M (5%)



During the 2021-23 budget cycle, ODOT spent \$22 million statewide to clean and restore state highway property.

About DMV

Serving Oregonians

Almost every Oregonian is a customer of ODOT's Driver and Motor Vehicle Services Division, better known as Oregon DMV. We are the face of government for most Oregonians. DMV is a customer service organization, a protector of roadway safety, and a source of revenue for Oregon's transportation services.

Here is a look at who we are and what we do:

- In 2023, our 59 field offices served about 10,000 customers statewide each day.
- Every month, we see more than 1 million visitors to DMV2U, where customers can conduct more than 20 online transactions and find information.
- Our three call centers answer about 1.1 million customer inquiries per year.
- DMV maintains about 3.7 million driver licenses and ID cards and 4.4 million vehicle registrations.
- Annually, DMV processes more than 900,000 license, permit, and ID card issuances, renewals, and replacements and about 2.2 million vehicle registration renewals.

We know how important DMV services are to Oregonians and businesses across the state, and we strive to provide excellent, accessible, and reliable customer service. Yet DMV faces increased workloads while staffing hasn't kept pace with population growth. Aging facilities and safety issues contribute to the challenge of providing great service.



Field Services Challenges

Oregon's population has increased more than 20 percent over the last two decades, growing by about 750,000 people from 2001 to 2024. That means an increased demand for DMV services, but staffing has not kept pace with that growth. In the same period, from 2001 to 2024, DMV's budgeted field staff has increased by just six individuals (404 then, 410 now). For all of DMV, we have seven more budgeted staff than in 2001 (846 then, 853 now). Staffing challenges combined with inadequate facilities and increasing incidents of customer threats—and even violence—impact DMV's ability to provide the level of customer service that Oregonians deserve.

Staffing

Staffing is a daily challenge. In 2023, our field offices had an average vacancy and absence rate of about 30%. Even if all positions were filled, there are not enough employees to cover what is needed. Managers work daily to shift staff among offices to maintain the minimum number of employees necessary to keep offices open. Often managers are forced to neglect other critical responsibilities, spending much of their day at the counter to compensate for lack of staff. At times, it is not possible to open a given office at all. During 2023, one or more DMV field offices were closed for a total of 118 separate days due to staffing. Such closures create even bigger impacts in areas of our state with fewer and more dispersed DMV offices, leaving customers without the ability to access key DMV services unless they travel significant distances.

Customer Behavior and Safety

In June 2022, DMV established a Threat Assessment Team that has met 41 times to address specific threats of violence made against customer service staff. This resulted in 32 customers receiving notice to contact DMV through specific channels, and that coming to a field office would be considered trespass.

Our dedicated frontline staff interact with customers every day and strive to provide the highest level of customer service despite increased demand and insufficient staffing levels. However, unsafe customer behavior is contributing to additional employee absences and exacerbates DMV's systemic staffing challenges.

Inadequate facilities

DMV has 59 field offices throughout the state. Many of those offices are too small or otherwise inadequate to provide the level of service that Oregonians expect and deserve. Moving or even updating an existing field office is expensive. When budgets are tight, facilities work is prioritized well below the need for staff to serve Oregonians. Each biennium, it becomes increasingly difficult for DMV to appropriately relocate, update, and maintain these facilities.

About DMV2U

Before the pandemic, there were three transactions that could be completed online. In 2020, DMV fully launched DMV2U. Through DMV2U, residents can now complete more than 20 online transactions, including renewing vehicle registration, renewing or replacing a driver license or ID card, paying certain fees, reporting an address change, and much more. These online services save hundreds of thousands of customers a trip to a DMV office. Even those who don't go online benefit; every person who goes online frees up a spot in line at a field office.

Real ID in Oregon

The federal Real ID Act passed in 2005 and set national standards for state driver licenses and ID cards. Enforcement at airport security checkpoints will begin May 7, 2025.

Oregon began issuing Real ID credentials when our new driver system went live in July 2020. As of mid-2024, about 28% of Oregonians with a driver license or ID card have a Real ID.

This summer, DMV is launching a campaign to urge people to beat the coming rush for a Real ID. During the 2024 legislative session, the legislature approved ODOT's request for 26 temporary field office staff to focus on Real ID issuance. The positions and campaign costs are covered by the extra fee charged to Real ID customers, which is restricted solely for Real ID purposes.

Safety

DMV promotes roadway safety by issuing driver licenses, as well as suspending or revoking them for unsafe driving behavior or when someone is no longer fit to drive due to medical reasons. DMV also houses Oregon's State Highway Safety Office, focused on curbing risky driving behaviors through education, as well as issuing federal grant money to local and Tribal governments, law enforcement, schools, and community organizations.



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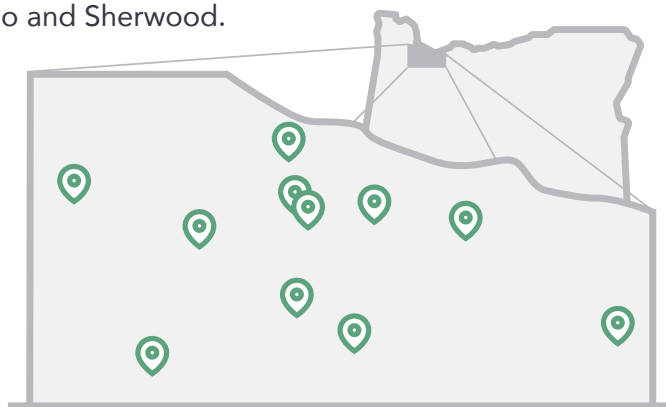




Happy Valley/Hillsboro – East and West Portland Metro Area DMV

The Portland metro area offices of DMV serve customers through:

- Eleven locations: Sandy, Gresham, Mall 205, Southeast Portland, Gladstone, North Portland, Beaverton, Hillsboro, Downtown Portland, Lake Oswego and Sherwood.
- 149 total staff:
 - Sandy – One office leader and three front-line staff.
 - Gresham – One office leader and 14 front-line staff.
 - Mall 205 – One office leader and 15 front-line staff.
 - SE Portland – One office leader and 15 front-line staff
 - Gladstone – Two office leaders and 13 front-line staff.
 - North Portland – One office leader and 11 front-line staff.
 - Beaverton – One office leader and 19 front-line staff.
 - Hillsboro – One office leader and 12 front-line staff.
 - Downtown Portland – One office leader and six front-line staff.
 - Lake Oswego – One office leader and six front-line staff.
 - Sherwood – One office leader and 14 front-line staf.
- Nine managers cover these offices.



Additional metrics

- In 2023, the Portland metro area offices served 845,843 customers, accounting for about 35% of the state's customer visits.
- Customer language needs in the area are mostly English, Spanish, and Russian but the Portland area offices also see significant numbers of customers who speak Vietnamese, Chinese and Arabic. Fifty-six of the 149 front-line staff (38%) are bilingual. For language needs beyond what bilingual employees can offer, we rely on Pocket Talk translation devices to better communicate with customers.

Facility issues have been a struggle throughout the metro area.

- The Hillsboro location is DMV's fourth busiest office in the state and has a lobby size that is 2,000 square feet smaller than most other busy offices. This lobby often has standing room only due to the number of customers waiting for service.
- The Gladstone location is also consistently crowded with customers, often in line out the door, and struggles with an inadequate lobby, working space and parking areas.
- Development around the Beaverton location, including a planned high-rise apartment building, will utilize parking spaces that customers rely on. As the building projects continue, the likelihood increases DMV will need a different location to adequately accommodate customers.
- The Mall 205 location, and DMV's ability to remain there, is a huge concern. Redevelopment in the mall has stalled, and the DMV remains the only occupant. This has created major facility issues that negatively impact customers, such as unsuitable access to restrooms and uncontrollable indoor temperatures. This office has been forced to close multiple times this summer due to excessive heat.

Staffing DMV offices in the Portland area is always challenging. The high cost of living makes it difficult to attract qualified employees who are able or willing to work for what DMV can pay front-line staff. In 2022, staffing shortages in the region forced us to temporarily close the Downtown Portland office and the Lake Oswego office multiple days per week — they alternated open and closed days, while staff shifted between them. The Sandy office was also closed for more than one year, and while now re-opened, it remains on an abbreviated three-day per week schedule.



- Total number of DMV budgeted employees, including Field and Headquarters: 853.
- Total number of DMV Field Services budgeted employees: 410.
- Total number of DMV Field Services budgeted positions in the Portland metro area: 149.



Supporting the System behind Oregon's Transportation System



» The Network of Support Behind ODOT's Critical Services

ODOT's mission is to maintain a safe, accessible, and reliable transportation system for all Oregonians. To deliver on this mission, the agency relies on a vast support system that covers everything from hiring to technology and contracting to building management.

These support services help ODOT:

- Ensure Oregonians' information is stored securely.
- Build and maintain facilities that store snowplows, sand, gravel and all the necessary equipment to maintain Oregon's roads and bridges.
- Build and maintain facilities that keep Oregon's roads safe and keep Oregonians comfortable when completing their DMV business.

- Procure supplies and personnel quickly to respond to emergency situations like wildfires.
- Provide modern, accessible online services for DMV customers.
- Create contracting business opportunities for small and disadvantaged businesses.
- Operate and monitor technology systems that process critical transactions like vehicle registrations and driver's licenses.
- Ensure important, timely roadside information is available for travelers.

And much more.

Responding to emergencies, customers, and changing technology

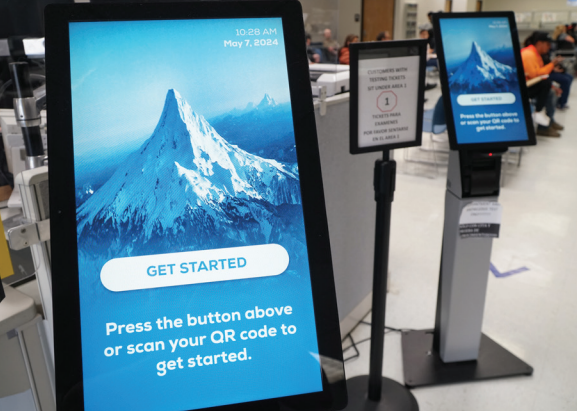
ODOT's ability to respond to the needs of Oregon travelers, ensure the safety of Oregon's transportation system, and preserve access to DMV services relies on a critical support network. This network provides the technology, infrastructure, and contracting capacity to meet these needs every day and ensure the high level of service Oregonians deserve.

When a wildfire begins, crews spring into action to keep roads safe and support emergency response efforts. Support services ensure rapid procurement

of the necessary supplies or additional personnel to aid in the response.

When electronic road signs need replacement or a signal stops working, support services work quickly to solve the problem so important roadside information is displayed for travelers.

When the DMV implements a new, modern lobby queuing system for customer convenience, support services ensure that each new system is up and running on the day of launch.



Challenges

Technology

ODOT has a network of critical revenue collection and other technology systems that have been built on an outdated technology foundation. These current systems provide an inefficient, and sometimes vulnerable, way to manage ODOT's important data, customer information, and revenue streams. If these systems fail, it would impact revenue collection and distribution, disrupt communication and delivery systems, impact DMV's ability to serve the public, and ultimately impact ODOT's ability to meet the needs of Oregonians.

Facilities

ODOT owns and maintains 1,100 properties, including DMV offices, office buildings, maintenance yards, weigh stations and ports of entry. Many of ODOT's facilities are not seismically-sound, in a state of disrepair due to years of deferred maintenance, and not comfortable or safe for customers or employees.

Small, outdated facilities impact customer experience for Oregonians. Inadequate facilities add additional challenges to responding to extreme weather events and maintaining the transportation system. For example, today's snowplows are larger than they were in the past, and the truck bays at many maintenance stations are not wide enough or deep enough to accommodate them. This creates an added challenge for critical maintenance work during snow or ice storms and shortens the life of this costly and highly specialized equipment.

Funding

Secure, stable funding is needed to ensure ODOT can maintain a safe, accessible, and reliable transportation system for all Oregonians—with modern, secure technology; adequate facilities; and well-trained employees ready to serve.

By the numbers:

- **1,100** – Number of properties owned and maintained to provide DMV services, weigh stations, maintenance facilities, and staff workplaces.
- **1930** – The year the oldest weigh station remaining in Oregon was built (Philomath). At current funding levels and rates of replacement, it would take at least 50 years to replace outdated weigh station infrastructure.
- **4,800** – Number of employees working in 88 communities across the state who rely on safe, secure buildings to serve Oregonians every day.
- **\$1 billion** – Amount of goods and services procured each year, which supports local economies, small businesses, disadvantaged businesses, and minority-owned businesses.
- **1 million** – Number of monthly online visitors seeking secure and efficient online DMV transactions.



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House Bill 2017

In 2017, the Oregon Legislature passed House Bill 2017, a transformative investment in Oregon's transportation system. The bill outlined projects and funding for ODOT to reduce congestion in the Portland metro area and make it easier and safer to bike, walk, drive and take transit. The I-5 Rose Quarter Improvement Project was a part of this effort.

House Bill 2017 directed ODOT to address congestion and safety on the 1.8-mile stretch of Interstate 5 at the Rose Quarter. This project represents a generational opportunity to make a positive impact on the community harmed by the original construction of I-5. Working with the community and local partners has helped ODOT design a project that best meets the community vision to reconnect lower Albina and improves safety and traffic flow.

Project Overview

The I-5 Rose Quarter Improvement Project will improve safety and congestion where three major interstates converge, addressing the state's highest interstate crash site and top traffic bottleneck.

Through the construction of a highway cover over a portion of I-5, the project will also support the reconnection of lower Albina, the historic heart of Portland's Black community that was severed by the original construction of I-5 in the 1960s.

Benefits

- Smoother traffic flow, faster emergency response times, and a 50% reduction in frequent crashes on I-5 through new ramp-to-ramp connections and wider shoulders.
- New community spaces on top of the highway cover for future development and economic opportunities (development planning efforts led by the city of Portland).
- Restoration of neighborhood street connections over the interstate and a new car-free bicycle and pedestrian crossing.
- More than 1.5 miles of local street improvements to make streets safer for people walking, biking and rolling.
- Contracting opportunities for Disadvantaged Business Enterprises that build long-term career prospects for small businesses.

Improvements



1 Highway Cover
A new highway cover over I-5 that will reconnect local streets and create new community spaces on top for future development and economic opportunities.

2 Hancock Crossing
A new east-west roadway crossing over I-5 that will reconnect Hancock Street across the highway, adding another crossing north of Broadway and Weidler.

3 Multimodal Local Street Improvements
A variety of street improvements for people walking, biking and rolling.

4 Pedestrian and Bicycle Bridge
A car-free bridge creates a new path over I-5 to connect with the walking and biking network.

5 Auxiliary Lanes and Shoulders
Ramp-to-ramp connections on I-5 between I-84 and I-405, paired with wider shoulders, that will improve safety and reduce congestion at the state's top bottleneck. An estimated one-third of traffic will be able to stay on these ramp-to-ramp connections between interstates instead of merging and causing congestion and safety issues.

6 I-5 Southbound Ramp Relocation
Relocation of the I-5 southbound off-ramp from Vancouver/Broadway to the south, connecting with NE Williams Avenue and NE Weidler Street.

Finances

- Current project cost estimate: \$1.5 - \$1.9 billion*
- Available funding: \$600 million (May 2024)**

*Estimate from June 2023 Urban Mobility Strategy Finance Plan. 2025 construction dollars.

**Rounded to the nearest \$100 million. Does not include \$250M HB 2017 funds for INFRA grant match.

House Bill 2017 authorized \$30 million per year to the I-5 Rose Quarter Improvement Project beginning in January 2022. Revisions to the scope of the project have resulted in significant increases to the cost of the project. In 2021, House Bill 3055 authorized ODOT to use this funding to begin construction on the first phase of the I-205 Improvements, as it was closer to construction-ready.

In March 2024, the U.S. Department of Transportation awarded \$450 million for the I-5 Rose Quarter Improvement Project as a part of its Reconnecting Neighborhoods and Communities grant program.

In May 2024, ODOT submitted a federal grant request for \$750 million under the INFRA program which is focused on funding for surface transportation projects designed to strengthen supply chains, spur economic development, and improve safety and daily life. Award announcements are expected mid-2024.

Project Timeline

ODOT began design and environmental review in 2017. Construction is expected to begin by 2026. With the recent federal grant award, ODOT is exploring opportunities to advance that construction timeline. Moving to construction will activate many benefits including building a diverse and skilled workforce, with an estimated 2 million labor hours and up to \$150 million in payroll and benefits for disadvantaged business enterprises.

Recent Project Wins

Historic Federal Funding

The recent \$450 million federal grant award is the first federal investment in construction for the project, the largest grant award ODOT has ever received, and the single largest grant ever awarded through the Reconnecting Communities program.

These funds will go toward finishing design and constructing the initial, central part of the project's highway cover.

Federal Environmental Approval

After working through the federal environmental review process since 2017, the Federal Highway Administration issued a Finding of No Significant Impacts for the project on March 12, 2024. This signifies formal federal approval to proceed and advance more detailed project design.

Local Partnerships Leading the Way

Local partnerships and community support have helped create the right project to not only improve our transportation system, but to play a part in a collective movement toward restoring the historic Albina community. ODOT is grateful for the partnership and support of our federal delegation, statewide leaders, the city of Portland, Albina Vision Trust, the Portland Trail Blazers, and the project's Historic Albina Advisory Board.



I-205 Improvements Project



House Bill 2017

In 2017, the Oregon Legislature passed House Bill 2017, a transformative investment in Oregon’s transportation system. The bill outlined projects and funding for ODOT to reduce congestion in the Portland metro area and make it easier and safer to bike, walk, drive and take transit.

House Bill 2017 envisioned the construction of a third lane for nine miles of I-205 from Stafford Road across the Abernethy Bridge and creating an earthquake ready corridor through the area. Tolls were identified as a revenue source for the project. In 2021, House Bill 3055 authorized ODOT to use funding originally designated exclusively for the I-5 Rose Quarter Improvement Project to begin construction on the first phase of the I-205 Improvements, with tolling revenue ultimately serving as a primary funding source for the I-205 construction.

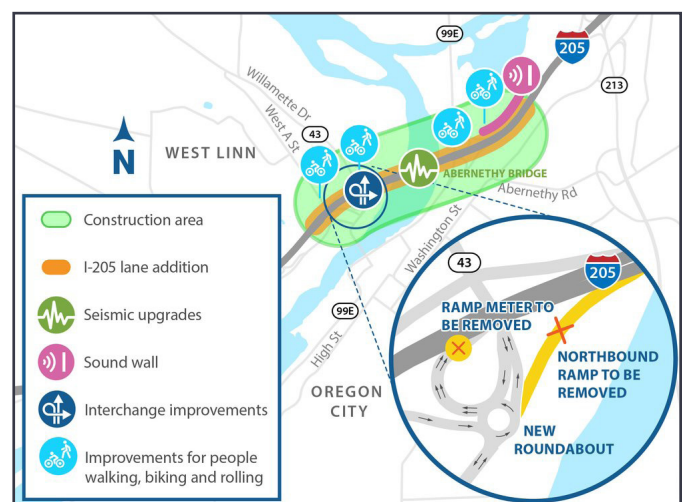
PHASE 1: ABERNETHY BRIDGE PROJECT

The first phase of the I-205 Improvements Project began construction in 2022. This work will make the Abernethy Bridge, a critical link on I-205 connecting West Linn and Oregon City, the first earthquake-ready interstate bridge across the Willamette in the Portland area.

This is ODOT’s largest construction project in more than 45 years.

Improvements

- Strengthening the existing Abernethy Bridge to withstand a major earthquake.
- Reconfiguring on- and off-ramps and adding a new roundabout to improve traffic flow and safety.
- New bicycle and pedestrian facilities near the bridge to increase safety and comfort for people walking, biking or rolling.
- Widening the bridge to accommodate a future third travel lane.



Finances

- Current project cost estimate: \$750 million (May 2024)*
- Available funding: \$200 million**

*Does not include future changed conditions.

**The Oregon Transportation Commission is working through an updated finance plan to cover the funding gap created by the loss of future funding/toll revenue.

Economic Development and Workforce Diversity Goals

To construct the I-205 Abernethy Bridge Project, ODOT is providing competitive wages to workers in economically disadvantaged zip codes, creating opportunities for apprentices, retaining

income within communities, and fostering diversity within the highway construction industry. A key part of this work include a local hiring preference program and a focus on contracting with Disadvantaged Business Enterprises.

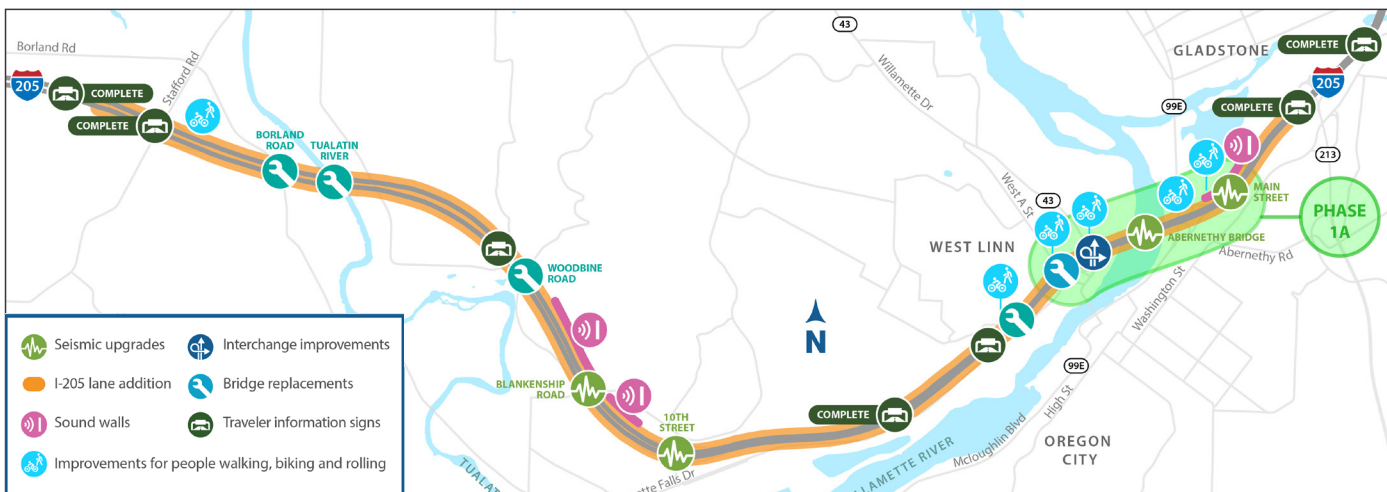
To date, we are proud to say we are exceeding many of our diversity and contracting goals, including:

- 16% of workers hired from communities from local "priority zip codes," totaling \$2.57 million in wages paid to date.
- 27% of workforce hours worked by minorities, totaling \$4.42 million in wages paid to date.
- 6% of contractor hours worked by Tribal members and American Indians referred by the Tribal Employment Rights Office.
- 13% of contract dollars (~\$26 million to date) paid to certified Disadvantaged Business Enterprises.

Data updated as of April 2024.

PHASE 2: STAFFORD ROAD TO OR 43

This phase includes adding a third lane for a 7-mile portion of I-205 from Stafford Road to OR 213, addressing the last remaining two-lane section of I-205. This will include replacing or reconstructing eight bridges to create an earthquake-ready corridor.



Finances

- Cost estimate (May 2024): \$700 - 800 million*
- Available funding: \$0

*Assumes a 2031 construction start date. Based on project design that is 60% completed.

Project Status

Phase 2 of the I-205 Improvements Project and all related environmental review has been indefinitely postponed due to lack of funding.

In 2023, Phase 2 of the project had reached 60% design, and the National Environmental Protection Act (NEPA) review was in process. That project, and related NEPA work, included tolls at the Abernethy and Tualatin River bridges to provide funding and manage congestion.