



March 17, 2023

Co-Chair Senator Aaron Woods  
Co-Chair Representative David Gomberg  
Joint Committee On Ways and Means  
Subcommittee On Transportation and Economic Development  
Oregon State Legislature  
900 Court Street  
Salem, Oregon 97301

Dear Co-Chairs and Members of the Committee:

On behalf of Oregon's 241 cities, the League of Oregon Cities is calling your attention to the Oregon Department of Transportation (ODOT) budget recommendations, specifically funding available for Operations and Maintenance (O&M). As described by ODOT during their presentation, the funding for O&M remains a significant concern to the agency. Since most of the new funding for transportation over the last two decades has focused on projects the agency is facing serious funding gaps for today's O&M needs. Today ODOT has an O&M budget that, on scale, is closer to meeting objectives that were in place more than two decades ago instead of meeting the needs of 2023.

Due to the lack of additional dedicated funding ODOT has trimmed costs to reduce the impact on their operations. As a result, there is less federal funding available for exchange with state funds. This has required cities and counties to take significant hits to what's referred to as the Surface Transportation Block Grant (STBG) Fund Exchange Program. This has been an important funding mechanism available to cities and counties for roughly 40 years. For some road departments within the local governments the "Fund Exchange" can be the largest source of funding available for their own O&M programs.

The LOC is calling this issue to your attention to make sure that additional funding can be identified to restore the scale of the fund exchange that was present just a few years ago. This will not be an easy task and I suspect unless additional general fund dollars are identified the best option going forward will be with the next transportation plan. That plan will have to take a serious look at identifying funding specifically to restore ODOT's O&M budget to a scale that is sustained over time and capable of meeting O&M needs for 2023 and not 1983.

Sincerely,

Jim McCauley, Legislative Director  
League of Oregon Cities