JOINT TRANSPORTATION, SPECIAL SUBCOMMITTEE ON TRANSPORTATION PLANNING

2023-2024 OVERVIEW

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Joint Transportation, Special Subcommittee on Transportation Planning

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May 22, 2024

Senate President Wagner
House Speaker Fahey
Senator Gorsek, Co-Chair Joint Transportation Committee
Representative McLain, Co-Chair Joint Transportation Committee

During the first Special Subcommittee on Transportation Planning (SSTP) Committee meeting the SSTP heard from Kelly Brooks, Office of the Governor, who expressed their hope that the SSTP would develop a deep understand of:

- The history of tolling in Oregon;
- The roll of tolling and congestion pricing played in House Bill 2017 (2017);
- Details about what will and will not be tolled and how rates would be determined;
- Potential impacts of diversion as a result of tolling;
- How to address equity issues related to tolling;
- Ways that diversion could be mitigated; and
- What decisions have and have not been made regarding tolling and who makes decisions moving forward.

At the same meeting, Representative Susan McLain and Senator Chris Gorsek, Co-Chairs of the Joint Committee on Transportation, shared their expectations that the SSTP would provide an opportunity hear from the Oregon Department of Transportation (ODOT), the public and jurisdictional partners; gain an understanding of the tolling related planning work that has been done over the last seven-eight years; and learn lessons from other states' successes and challenges.

To accomplish these goals, the SSTP met six times over the course of the 2023 interim and 2024 session to explore five key policy areas: road system capacity, traffic, and congestion; expected outcomes of tolling on driver behaviors and travel patterns; effectiveness, safety, and diversion impacts of gantry locations; logistics of toll collection; and tolling rates (usage fee).

In addition, the SSTP held four community listening sessions. These listening sessions provided the SSTP with the opportunity to engage with community members and stakeholders to learn more about the effects and tradeoffs of tolling on I-205 and I-5. The SSTP heard from 140

people and received 333 pieces of written testimony. Some of the major themes included: congestion pricing and demand management; diversion impacts and mitigation; economic impact of tolling on families, individuals, and businesses; climate change and environmental concerns; alternative transportation; impacts on local residents who have limited alternative routes; and the state agency planning process.

Since the SSTP concluded its work, Governor Kotek issued a letter to the Oregon Transportation Commission (OTC) identifying many of the same issues that the SSTP discussed. The letter recognized the challenges of implementing the Regional Mobility Pricing Project and the I-205 tolling project and asked the agency to bring its work to an end and delay additional expenditures for implementation of tolling until the Legislature can provide further direction. In addition, Governor Kotek's letter referenced the "catastrophic funding challenges" facing the ODOT and the challenging work ahead for the OTC the Joint Committee on Transportation to address the state's transportation needs and to secure stable funding.

This report provides legislative leadership and the Co-Chairs of the Joint Transportation Committee a strong and detailed overview of the breadth of discussion the SSTP has undertaken. We believe the report can help inform future transportation planning efforts.

Sincerely,

Senator Lew Frederick, Co-Chair

Representative Nancy Nathanson, Co-Chair

Introduction

During the 2023 legislative session, Governor Tina Kotek received comments from legislators and the public expressing concern about the lack of transparency and details on tolling proposals for Interstate 5 (I-5) and Interstate 205 (I-205). The Governor's response was to extend the implementation date of tolling to January 2026, to allow for additional engagement with the public and legislators on these topics.

On May 1, 2023, the Speaker of the House, the Senate President, and the Co-Chairs of the Joint Committee on Transportation announced the creation of the Special Subcommittee on Transportation Planning (SSTP).

The purpose of the SSTP was to:

- engage with community members and stakeholders to learn more about the effects and tradeoffs of tolling on I-205 and I-5, and;
- review agency tolling recommendations and assumptions to increase understanding of tolling proposals.

Over the course of the 2023 interim and 2024 session, the SSTP met a total of 10 times and received in-depth presentations from the Oregon Department of Transportation (ODOT) and testimony from the public about how they would be impacted by tolling.

On March 11, 2024, after the SSTP had completed its work, Governor Kotek issued a letter to the chair and vice chair of the Oregon Transportation Commission (OTC). The letter directed ODOT to bring its work on the Regional Mobility Pricing Project (RMPP) to an end and delay additional expenditures for implementation of tolling on I-205 until the legislature could further evaluate and provide clearer direction on tolling. However, Governor Kotek reaffirmed that any delay to building tolling infrastructure in Oregon must not impact the authority to collect tolls to help finance the Interstate Bridge Replacement project (IBR).

This document's purpose is to share the knowledge SSTP gained from these meetings with the Joint Committee on Transportation and legislative leadership to inform future transportation efforts.

Background

Special Subcommittee on Transportation Planning Direction

At the first meeting of the SSTP on September 27, 2023, Kelly Brooks, Office of the Governor, shared that the Governor hoped the subcommittee would develop a deep understand of the following:

- the history of tolling in Oregon;
- how tolling and congestion pricing were included in House Bill 2017 (2017);
- what will be tolled and how rates would be determined;
- the potential impacts of traffic diversion as a result of tolling;
- how to address equity issues related to tolling;
- ways that diversion could be mitigated; and

- what decisions have and have not been made regarding tolling and who makes decisions moving forward.

At the same meeting, Representative Susan McLain and Senator Chris Gorsek, co-chairs of the Joint Committee on Transportation, shared their expectations that the SSTP would provide an opportunity to:

- hear from ODOT, the public, and jurisdictional partners;
- gain an understanding of the tolling-related planning work that has been done over the last seven to eight years; and
- learn lessons from other state's successes and challenges with tolling.

History of Tolling in Oregon

1846-1966: Oregon's history of tolling includes past tolls on the Barlow Road (1846-1912); the Morrison Street Bridge (1887-1895); the Interstate Bridge (1917-1929, 1960-1966); and current tolling on the Bridge of the Gods (starting in 1926), and the Hood River White Salmon Interstate Bridge (starting in 1950).

2015: During the first meeting of the SSTP, members learned about the recent history of the proposed tolling plan. In 2015, Governor Kate Brown convened a visioning panel to solicit statewide public comment on transportation issues. The result of this effort was an understanding that congestion in Portland metro region is impacting the entire state.

2017: In 2017 the Legislature enacted House Bill 2017, which directed the OTC and ODOT to establish a congestion relief program and seek approval from the Federal Highway Administration to implement value pricing, which included variable time-of-day pricing.

Julie Brown, chair, and Lee Beyer, vice chair of the OTC reviewed the legislature's work in developing House Bill 2017 (2017), which:

- envisioned a more engaged Transportation Commission;
- restructured the commission;
- bolstered the authority of the commission;
- directed the OTC to provide more oversight and direction to ODOT.

Vice-Chair Beyer testified that in 2017 there was a discussion with metro area elected and civic leaders on how to fund proposed ODOT projects in the Portland Metro region, specifically how to fund the projects on I-205. It was decided that there would be a state investment, as well as funding from the people using these transportation corridors. There were also discussions about using congestion pricing to reduce traffic, although congestion pricing had not been done in Oregon before.

2021: The OTC went on to adopt the Urban Mobility Strategy during state fiscal year 2020-2021. In 2021, the legislature enacted House Bill 3055 which provided financing flexibility to ODOT, including toll program development (Figure 1).

Figure 1 Urban Mobility Strategy and Oregon Toll Program, September 27, 2023

2023: The technical analysis of the tolling programs was reviewed by the following advisory committees (Figure 2):

- The Equity and Mobility Advisory Committee (EMAC). This 15-member committee is comprised of equity and mobility professionals and those with relevant lived experience. They advise the OTC to ensure equitable I-205 and I-5 toll projects.
- The Regional Transportation Advisory Committee (RTAC). This 27-member committee advises the ODOT Director on Portland Metro projects, including integration of the 1-205 and regional mobility pricing project, long term monitoring, revenue and allocation criteria, as well as a public transportation strategy.
- The Statewide Toll Rulemaking Advisory Committee (STRAC). This 15-member committee advises ODOT on rulemaking to implement Oregon's tolling programs.

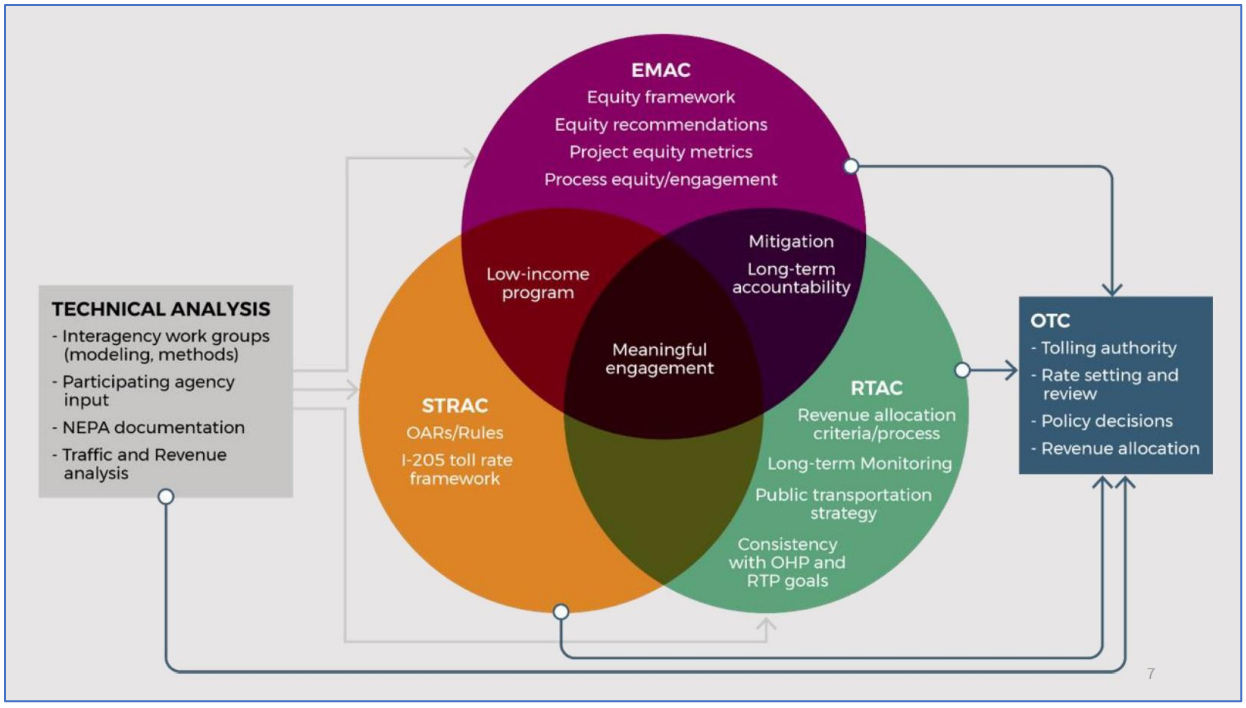

Figure 2 Proposed Tolling Plan Presentation, September 27, 2023

The OTC made the decision that there would be a program that recognizes special circumstances, needs, and impacts or impact on low-income population. Prior to the implementation of the project and requested that the advisory committees provide feedback in advance of final policy decisions that were to be made by the OTC in 2025.

After adoption of the Urban Mobility Strategy, tolling on the I-205 corridor was originally slated to start in 2024; however, to allow additional time for dialogue, Governor Kotek placed a hold on the collection of tolls until 2026.

Key Policy Areas

Over the course of the 2023 interim and 2024 session, the SSTP met a total of 10 times. Six of those meetings focused on key areas related to the proposed tolling program:

- road system capacity traffic and congestion;
- expected outcomes of tolling on driver behaviors and travel patterns;
- effectiveness, safety, and diversion impacts of gantry locations;
- logistics of toll collection; and
- tolling rates (usage fee).

In addition, the SSTP held four listening sessions with community members and stakeholders to learn more about the effects and tradeoffs of tolling on I-205 and I-5. The following overview provides information and images shared by ODOT, as well as questions asked by committee members during committee meetings.

Road System Capacity, Traffic and Congestion

On November 6, 2023, the SSTP was briefed by Brendan Finn, director of ODOT's Urban Mobility Office and Mingyang Li, lead consultant and data scientist from WSP USA, about road system capacity, traffic and congestion issues in the Portland Metro area.

Current Congestion Levels and Traffic Patterns

The presentation included information using historical data on areas within the region with the highest congestion (Figure 3). ODOT described congestion on freeways as periods when traffic flow is moving below 45 miles per hour. For example, on I-5 between I-84 and Rosa Parks Way there is reoccurring congestion for 13 hours per day over a three-mile stretch. There are also areas where there is overlap between congestion areas which makes the congestion even worse. As the region grows traffic is expected to get worse.

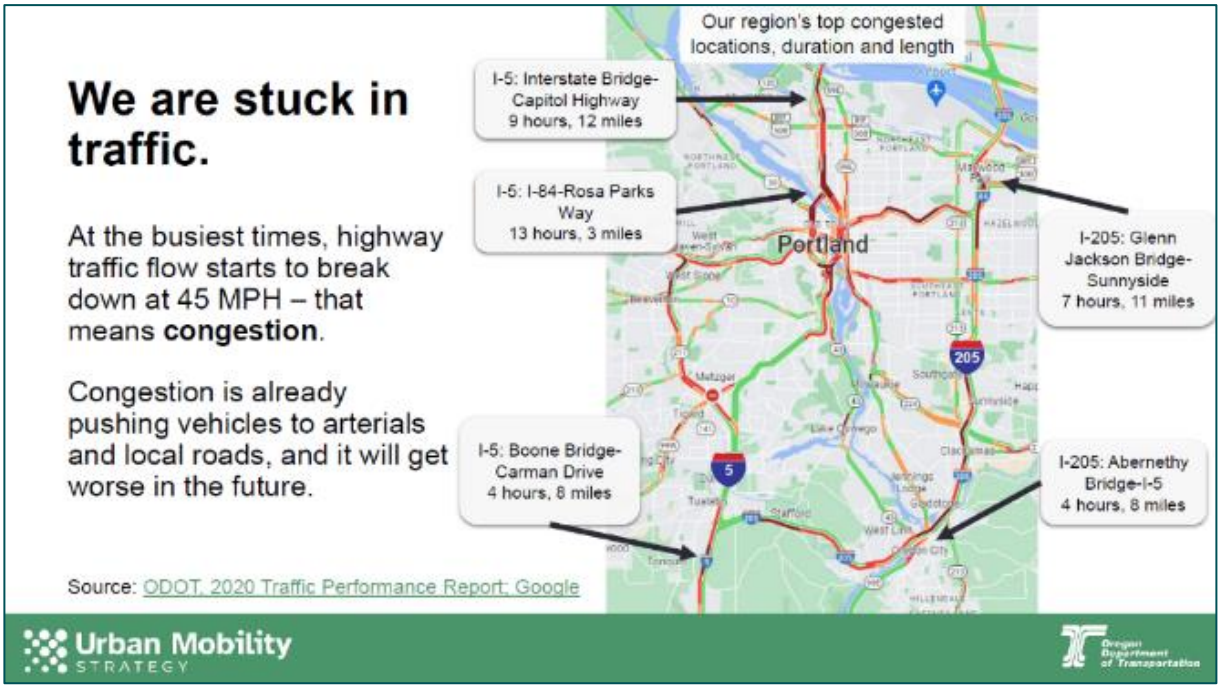

Figure 3 Regional Traffic Congestion, November 6, 2023

Trip Origins and Destinations

An analysis of the four-county regions on I-5: (Clark, Washington, Multnomah, Clackamas County) finds that most trips on I-5 and I-205 for all types of vehicles occur within the region, and only 13 percent of trips come and go outside of the region. Similarly, when looking specifically at passenger vehicles, only 10 percent of trips originate and end outside of the region. The ODOT model does not keep track of daily activity chains to show the number of times individuals make multiple trips.

Safety

The frequency of crashes on I-5 and I-205 increase with congestion and stop-and-go traffic. In addition, congestion makes it harder for medical and emergency services to access the scene. Congestion also causes traffic to divert to arterial and local streets which can create safety conflicts and additional pressure for local communities.

Travel Time Projections

Travel time is unpredictable and can vary throughout the day, and travelers are having to build buffer time into trips because they are not able to accurately predict travel time. For example, it should take approximately 29 minutes to travel from Wilsonville to the Portland Airport without congestion, but it can often take 62 minutes, depending on conditions. ODOT estimates that could increase to 29 to 76 minutes by 2040. Wilsonville to the MODA Center without congestion should take approximately 19 minutes but the average range currently is 19 to 38 minutes, and it is estimated that without intervention, it could take between 19 to 50 minutes by 2040.

Freight Movement

Trucks carry 70 percent of all goods transported from, to, and within Oregon, with demand for trucked freight expected to grow as the region grows. ODOT estimates that by 2040, daily truck miles travelled will increase by 57 percent on highways and 75 percent on collector and local roads. It is estimated that only 46 percent of freight trips start and end within the region, with the majority being through traffic. ODOT estimates that by 2045 there will be seven million vehicle miles travelled for all vehicles classes, 11 percent of which will be from trucks. However, trucks are heavier and tend to take longer trips so they have a more significant impact on roadways. This shows that freight has different travel patterns than passenger vehicles, a variable that should be considered when looking at tolling options.

Congestion Projections

According to ODOT data, as the region continues to grow, congestion will get worse. Without intervention, it is projected that in the next 20 years:

- Daily traffic on I-5 will increase by 13 percent with 30 percent more delays.
- Daily traffic on I-205 will increase by 12 percent with and 27 percent more delays.
- The percent of delay is doubled compared to the actual traffic increase because of the compounding effect of congestion.

These increases will result in longer peaks, longer queues, and lower speeds across more locations in the region. Between 2022 and 2045, travel speed is expected to decrease on almost the entire ODOT system in the region. Areas of congestion are marked by circles on the map (Figure 4). As the highway becomes more congested more traffic can spill over onto local streets.

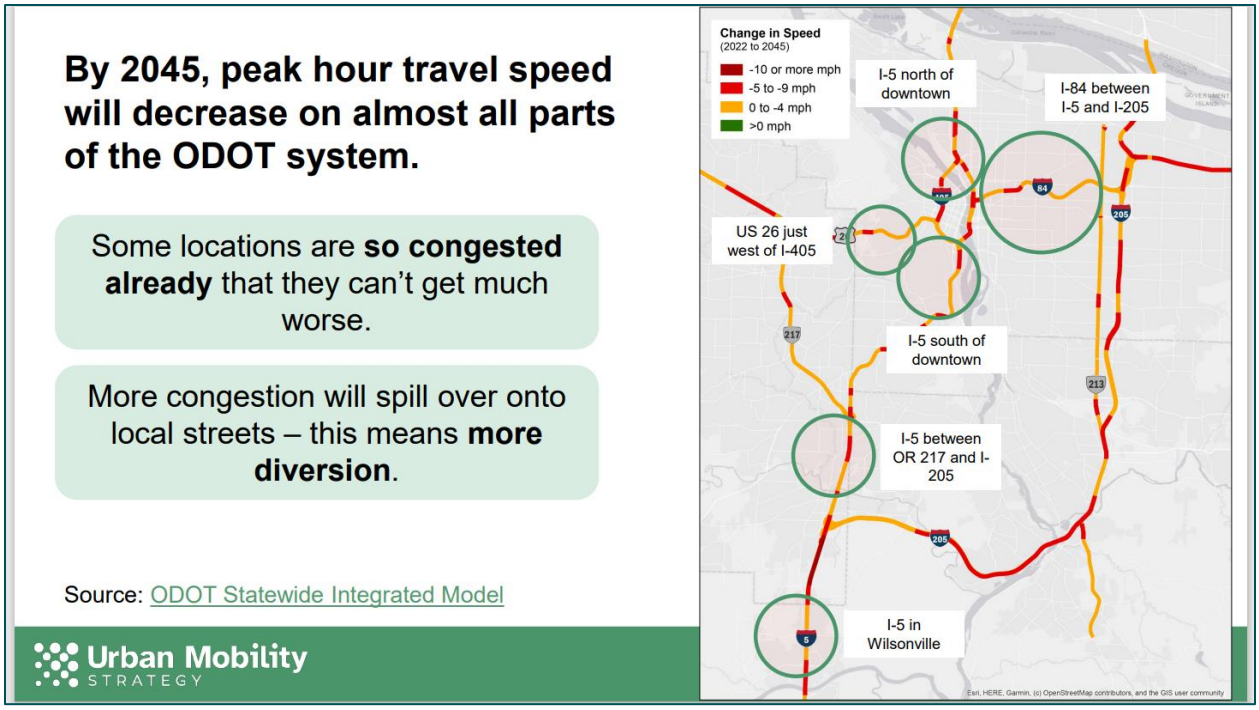

Figure 4 Peak Travel Speed and Congestion, November 6, 2023

When asked about ODOT's confidence in the agency's projections, staff assured the SSTP that this is their best estimate based on projections that were developed based on historical data, collaboration with local jurisdiction partners, and models of future population, employment, and land use.

Urban Mobility Strategy

The Urban Mobility Strategy maps out strategic investments in the system and provides a comprehensive look at the region (Figure 5). At the time of the presentation, some projects were currently in progress, while others were still in the planning stages. It is intended to be a 50-year plan for the region that includes the following pillars:

- Modernize bridges to create a seismically resilient modern system;
- Reduce traffic jams;
- Alleviate traffic bottlenecks;
- Create new sustainable funding for ODOT; and
- Invest in strategic multi-modal transportation improvements.

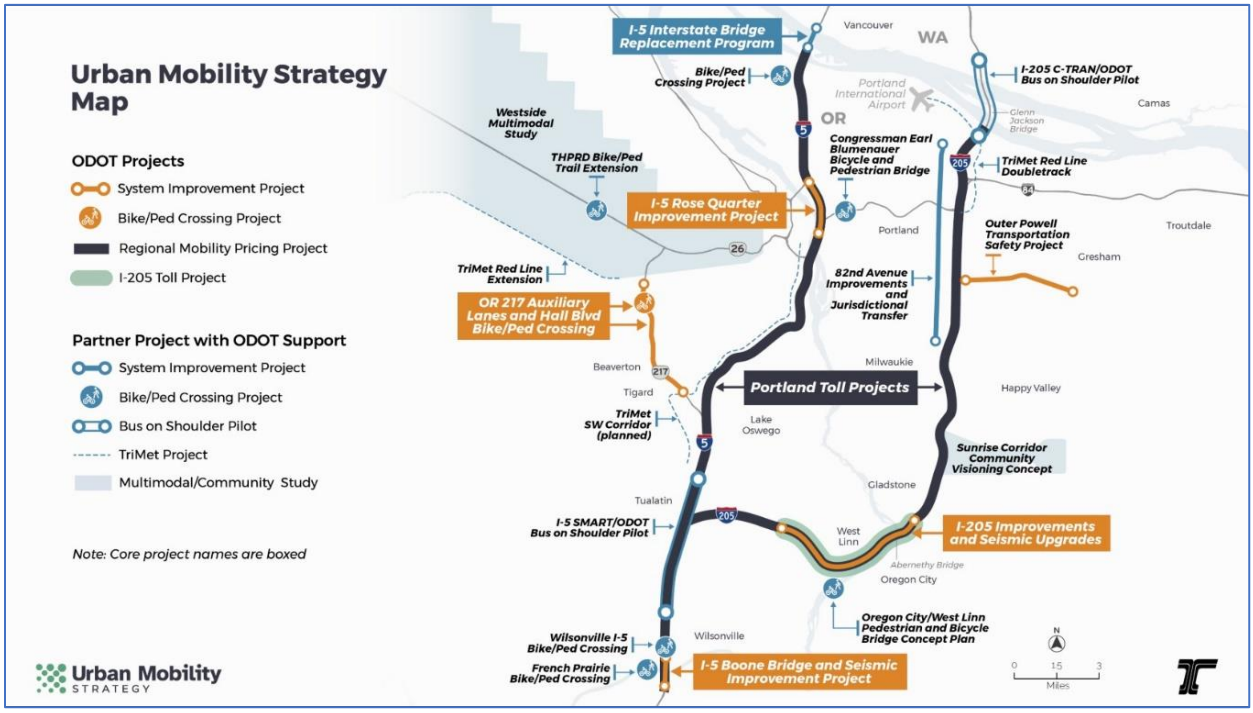

Figure 5 Urban Mobility Strategy Map, November 6, 2023

Driver Behaviors and Travel Patterns

On January 10, 2024, the SSTP heard from Brendan Finn, ODOT, and Brent Baker, senior vice president & managing director from WSP USA, on expected outcomes of tolling on driver behaviors and travel patterns. The SSTP also heard public testimony from people living outside the Portland Metro area.

Expected Outcomes of Tolling Program

ODOT staff shared that tolling could be planned for multiple outcomes and that at the time the goals of Oregon's tolling program were to both raise revenue and manage congestion. The goals co-exist and there are several mechanisms and tools to achieve both outcomes, including toll rates scheduled by time of day, hours of tolling operations, discounts or exemptions, and the number of toll points along highway. The typical uses of toll revenues include routine operations and maintenance, capital repair and replacements, and capital improvements, including paying off bonds or loans.

Congestion Causes and Management Strategies

ODOT compared congestion management strategies to supply and demand principles. Demand is the number of vehicles that are trying to use a given highway facility, and supply is the capacity of that facility. Congestion happens when demand exceeds supply at a given point in time. Properly managing congestion allows for more traffic at higher speeds. Tolling manages demand by people choosing to take an alternative route or to travel at a different time. If the toll rate is increased, the demand goes down, but if the toll is too high, the demand will be too low, and the program will not meet its

revenue goals (Figure 6). Toll rates would need to be managed in each location, every day, for effective management and revenue maximization.

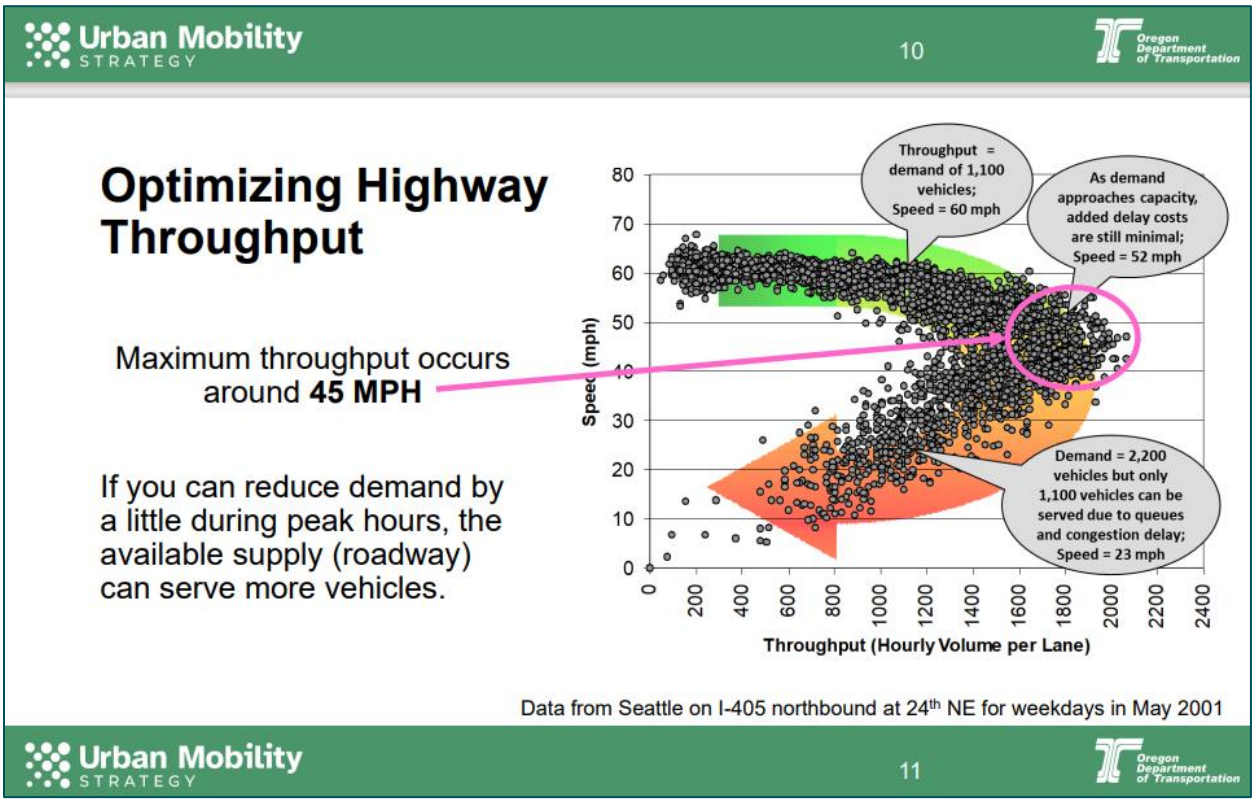

Figure 6 Optimizing Highway Throughput, January 10, 2024

The Regional Mobility Pricing Project (RMPP) would be used to manage congestion, and no funding targets had been set at the time of the presentation. Funding could have been used to fund future improvements and rates would have been set in each location based on congestion using variable toll rates. The OTC would have been responsible for setting rates, ideally at the current capacity, and tolls would be set to manage the existing facilities (Figure 7).

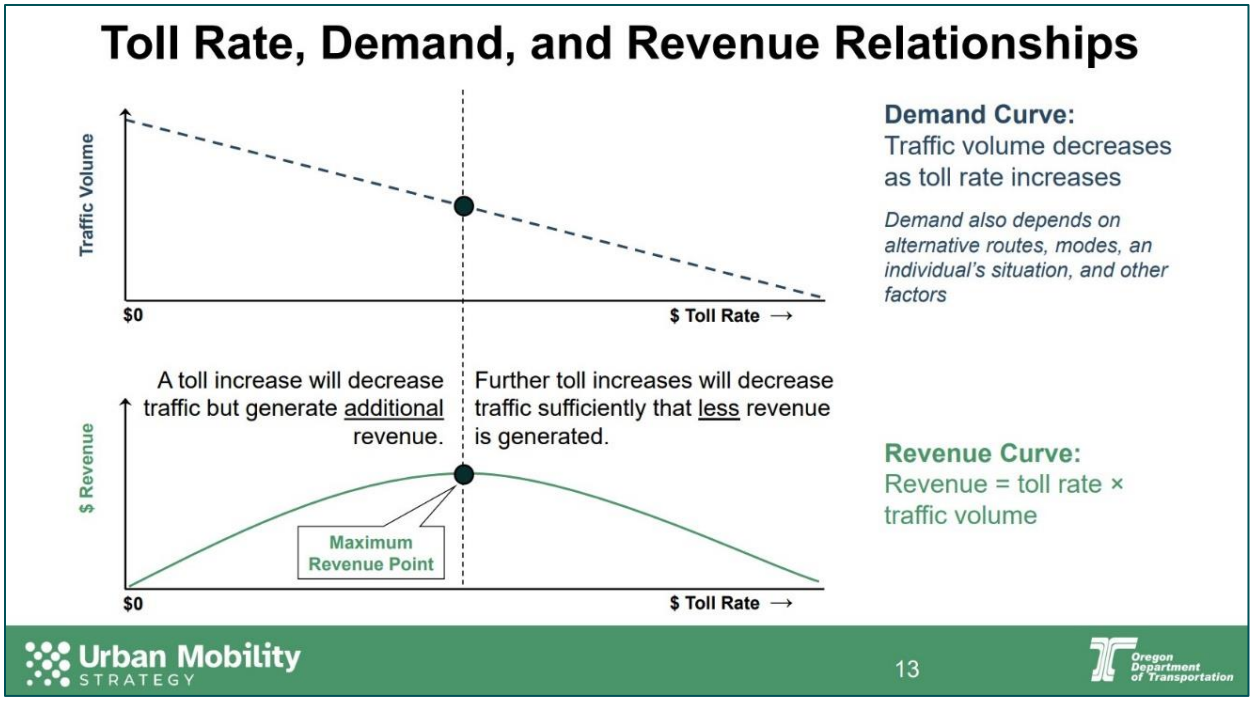

Figure 7 Toll Rate, Demand and Revenue Relationships, January 10, 2024

Driver Behavior and Travel Patterns

Mr. Finn and Mr. Baker shared results from monitoring tolling on the State of Washington's SR 520 floating bridge, which showed a reduction in traffic volumes and trips, carpooling was increased, and more alternative routes were used. ODOT clarified that the Washington State Transportation Commission sets tolls rates, and the Washington State Legislature authorizes spending.

The optimum traffic per lane was analyzed as part of the environmental assessment, and ODOT had been working on a supplement to that original report. After that analysis ODOT had been intending to show how traffic could change and to where it would be diverted with tolling. The data shows that people already use alternate routes to circumvent I-205 congestion and that relatively short routes are in current use.

ODOT had been in the process of analyzing tolling scenarios for the RMPP. Tolling was intended to be managed to limit congestion, so the intention in analyzing different scenarios was to look at simplicity versus the granularity needed to manage a system. It could have meant that one toll would be needed for one trip, then depending on the time-of-day drivers could pay point tolls at multiple points.

Demand modeling uses multiple tools, including the Metro Regional Demand Model. That model separates trips by trip purposes and income stratification. ODOT differentiates between trips that must occur (for work or school) and those that are non-commute and considered more 'discretionary'. ODOT had planned to have a more in-depth analysis of discretionary trips as a part of future analyses.

Toll revenues would be subject to Article IX, Section 3a, of the Oregon Constitution in that use of such revenues is limited to projects within the highway right of way, such as

capital improvements to improve transportation service. When asked by the subcommittee about public transit investments, ODOT expressed they had been talking with communities and have established a transportation alternative strategy with transit providers.

Borrowing Against Toll Revenues

ODOT had identified specific toll funding targets and improvements for the I-205 tolling project, which would have required the state to borrow against future toll revenues. Lenders would require Oregon to pay for the operation and maintenance of a facility prior to paying for debt service. With gross revenues borrowers must pay for the cost of toll collection, bridge and maintenance costs, and administrative fees, prior to paying back the loans.

Many costs for administering a tolling program would be fixed, and ODOT expressed the intention that rates be set to raise revenue and manage congestion. The agency had been in the process of procuring a toll system vendor. Every system in the country has a different measurement for analyzing fixed cost per trip per trip. That cost is a percentage, based on the number of tolling locations, the cost is higher for only one or two locations. As the system grows and tolling locations are added, the percentage allocated to administrative costs goes down.

When asked if there are any similar tolling projects to what Oregon is contemplating, ODOT responded that value pricing was created by the U.S. government to provide managed demand, and that the one project of comparable size that has an application into the government for proposed tolling and that is in New York City. A number of tolling systems in U.S. predate congestion pricing. Some regions have express lanes that give drivers a choice of regular lanes or one or more price-managed lanes that people can opt into. ODOT expressed that an advantage of that system is that people are given a choice; however, costs are less predictable because they vary in real time based on conditions.

The subcommittee asked about alternative revenue sources, and ODOT responded that there are other states that are engaging in usage pricing, including vehicle miles traveled (VMT) charges.

Effectiveness, Safety, and Diversion Impacts of Gantry Locations

On February 9, 2024, the SSTP heard from Brendan Finn, ODOT, and Matthew Woodhouse, assistant vice president from WSP USA on the effectiveness, safety, and diversion impacts of gantry locations.

Defining Toll Diversion

Pricing is a tool that can be used to rebalance demand to allow the existing supply of roads to serve vehicle demand more efficiently. Rerouting or diversion can result from tolls, or for reasons unrelated to tolls such as driver comfort, habit, or congestion. According to ODOT, “toll diversion” occurs when a traveler avoids a toll by selecting daily activities based on factors such as route, time of travel, destination, mode, or the ability to combine trips. Some toll diversion is needed to rebalance demand and would

be an intended effect of congestion price tolling. The tolling program would have addressed the effects of tolling with the goal of rebalancing demand to optimize roadways. ODOT indicated that state and regional policies support drivers using local roads for short trips and using highways for longer trips. Some subcommittee members brought up examples that seem contrary to that purpose, such as freeway auxiliary lanes and freeway bridges over waterways without alternative options.

Measuring Toll Diversion

Toll diversion modeling exclusively considers the response of drivers to pricing, it was not intended to consider rerouting that occurs for other reasons. Modeling reflects various traffic, roadway, and land use characteristics as well as certain assumptions on growth to analyze the effects of a tolling program. To measure drivers' responses, ODOT looked at certain factors including the change in traffic, change in vehicle miles travelled, and vehicle hours travelled both on and off the freeway in the project analysis areas. Once tolling was to begin, ODOT would be able to compare the modeled results against real-world conditions to help identify issues and determine appropriate action.

ODOT provided the example of Scudder Falls Bridge, which connects Pennsylvania and New Jersey over the Delaware River on Interstate 295. The project anticipated diverting 17 percent of traffic according to modelling results; once operational, the tolling project resulted in 16.8 percent of traffic diverted. ODOT noted that 70 percent of the diverted traffic was using alternative crossings. The remaining 30 percent is thought to be trips diverted to other roadways not measured by transportation agencies, drivers changing their travel patterns such as time of day, or people either driving less or switching to alternative transportation. Committee members discussed the alternative modes of travel that were provided in the Scudder Falls Bridge project.

ODOT's analysis indicates that the value of paying a toll depends on the anticipated travel time across available alternatives, purpose of travel, time of day, personal preferences, and other factors. Research suggests that support for tolling tends to grow as people see the benefit of paying a toll for a quicker and more reliable trip.

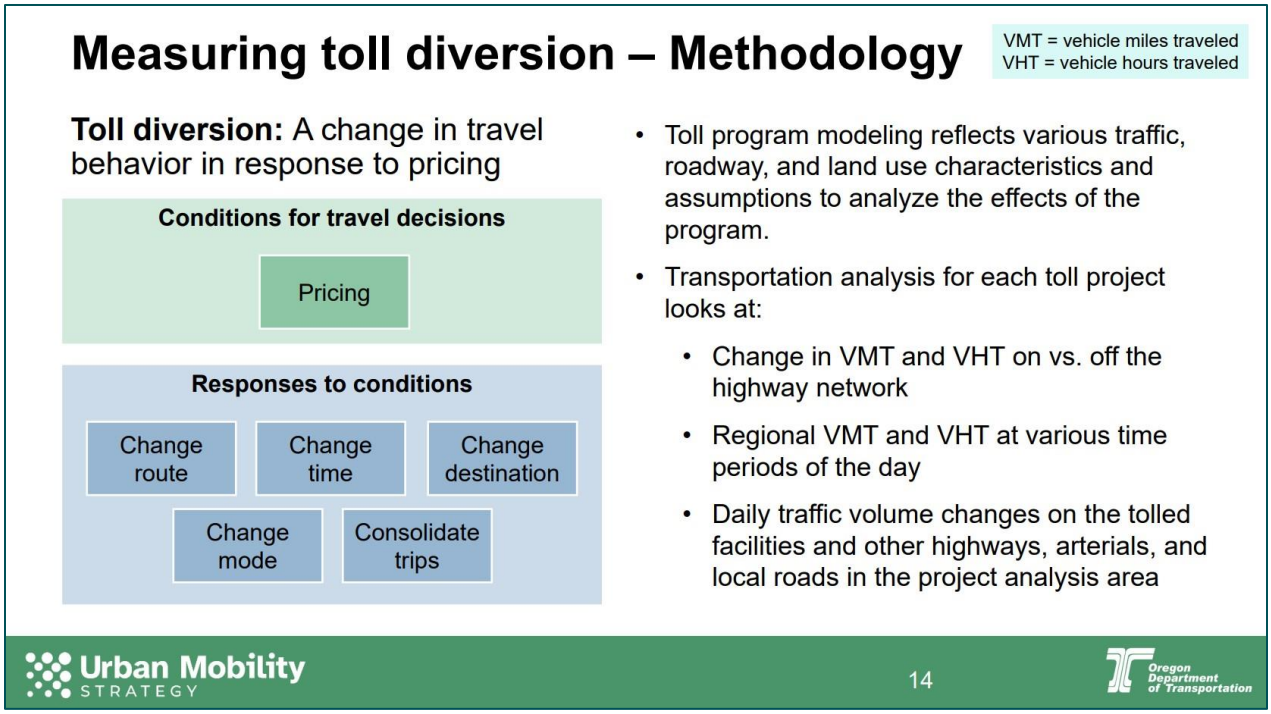

Figure 8 Measuring Toll Diversion, February 9, 2024

Addressing Toll Diversion

ODOT's strategies to address toll diversion impacts include:

- *Avoid/Minimize* – Incentivize drivers to shift travel to time windows with lower rates. ODOT stated that keeping toll rates low is important to reduce adverse effects on local roads. The modeling would have set toll rates that meet revenue targets and manage congestion, while minimizing adverse impacts from toll diversion. It is ODOT's belief that the I-205 Toll Project revenue target would have be reached by using multiple toll rate structures.
- *Mitigate* – Mitigate diversion impacts identified in modelling through National Environmental Policy Act (NEPA) mitigation. While NEPA requires consideration of mitigation, it does not mandate the form or adoption of any mitigation. ODOT is required by the federal government to consider whether mitigation costs represent a reasonable public expenditure.
- *Monitor* – Establish monitoring plans for every interstate toll project. Monitoring and assessing various aspects before and after toll collection starts would help ODOT and partners understand the effects of tolling and work to implement a responsive solution when necessary.
- *Address* – Identify issues that are purely related to toll diversion and address those by doing things like retiming traffic signals, synchronizing a series of lights, or adding turn lanes. In addition, the OTC would review and evaluate toll rates periodically as part of ongoing toll system optimization. At this point it is not known how often those rates will be reviewed.

Logistics of Collecting Tolls and Gantry Locations

On February 16, 2024, the SSTP heard from Travis Brouwer, assistant director of ODOT, about the logistics of collecting tolls, operation and set-up costs for tolling and gantry locations.

Tolling Logistics and Toll User Experience

ODOT staff explained that their approach to a modern tolling system prioritized customer service, ease, efficiency, interoperability and keeping tolling costs down. Residents would be able to set up an account online, place a toll tag in their vehicle, drive through the gantry, and electronically pay the toll. Tolling would be entirely electronic, with no stopping of traffic and no toll booths. Drivers with an online account would automatically be charged; those without an account would receive a bill and be required to pay online, by mail, or in person.

Tolling Technology

Tolling technologies include Radio Frequency Identification (RFID), LIDAR (light detection and ranging) and other modern technologies that can see through fog, rain, or other conditions. This tolling system would be interoperable with other tolling systems around the country, including the State of Washington's tolling system and Oregon's existing toll bridges. There would be signs prior to the gantry to alert drivers of the presence of tolling and the amount of the toll will be posted by the gantry.

The subcommittee discussed whether the technology would be capable of identifying and not recharging a driver if they took a wrong turn on the Abernathy Bridge and had to reenter the tolling area. ODOT was unsure if the technology they would have been using would have been that refined.

Toll Rates

According to ODOT, the amount people pay in tolls would have varied by facility used, time of day, vehicle size, and whether the driver is an account holder. Account holders could open an account and they would get the lowest toll price. There would be no monthly fee, most users would pre-pay into an account and ODOT would offer auto-replenishment options. Tolling would be an automatic charge for drivers with an account; those without an account would have been mailed a bill that would be higher than for drivers with an account. Rental car companies would have been able to pass on tolls to renters.

The program also envisioned size-based toll rates, which would utilize a newer technology where sensors detect and measure vehicle height, length and width. There would have been three toll rates for vehicles: Small, medium and large, and it would not be based on number of axles. Across the nation, there is an imbalance because the trucking industry pays more than its share of the weight mile tax. Most tolling systems across the country charge three to four times as much for heavy trucks as for passenger vehicles; but ODOT had been planning 1.7 to two times the toll for trucks.

Enforcement

ODOT made it clear that enforcement for unpaid tolls could include civil penalties, but it would not have included driver license suspension. People would also have had the opportunity to dispute a toll bill. There are several ways to obscure license plates to avoid tolls and ODOT had intended to partner with law enforcement to identify those vehicles. There are limited options for toll enforcement for drivers from other states because collection services create an additional administrative expense. According to ODOT, interoperable systems from other states would help with out of state enforcement.

Project Costs

ODOT had estimated that initially the toll system would have cost $115 million, including implementation costs and ongoing costs. ODOT also shared they had an extensive budget for statewide marketing on the tolling program, which would have focused on the Portland region first, then expanded to a statewide marketing campaign.

Administrative Rulemaking

Toll rulemaking had been underway and would have included toll collection and accounts, fees, penalties, data, discounts, and exemptions. The Statewide Toll Rulemaking Advisory Committee (STRAC) had made recommendations on rulemaking and provided input and advice to ODOT and OTC. STRAC recommendations included online mail and in-person registration; interoperability with other toll systems; additional time to resolve unpaid tolls without penalty; data privacy; and a low-income toll program. ODOT also conducted focus groups, information sharing events, community, and industry meetings on the tolling experience.

The Equity and Mobility Advisory Committee (EMAC) focused on the impact of tolling on marginalized communities, including those with barriers to transportation. EMAC recommended a 50 percent discount for Oregonians below 200 percent of the Federal Poverty Level (FPL) and asked the OTC to explore options for those between 200 percent to 400 percent below the FPL. This committee recommended a discount instead of credit and that benefits should be extended to residents of SW Washington, as well as partnering with organizations that could enhance toll discount as a form of transportation assistance.

In December 2023, the OTC approved the outline of the low-income toll program, which would make Oregon the first in the nation to have a significant low-income tolling program from the outset of tolling. ODOT conducted analysis that low-income discounts would have limited revenue loss to the tolling program and limited traffic impact. The OTC had been looking for existing benefit programs where people had already shown their income eligibility, such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance to Needy Families (TANF) or the Oregon Health Plan, to automatically qualify for the low-income toll program. People who qualify for TriMet's reduced fare program would have also qualified.

Certain vehicles would have been totally exempted from tolls, including public transit, emergency response, incident response and law enforcement vehicles, active military vehicles, and tribal government vehicles and members. ODOT was unsure when asked if state and local government vehicles would have been exempt from tolling.

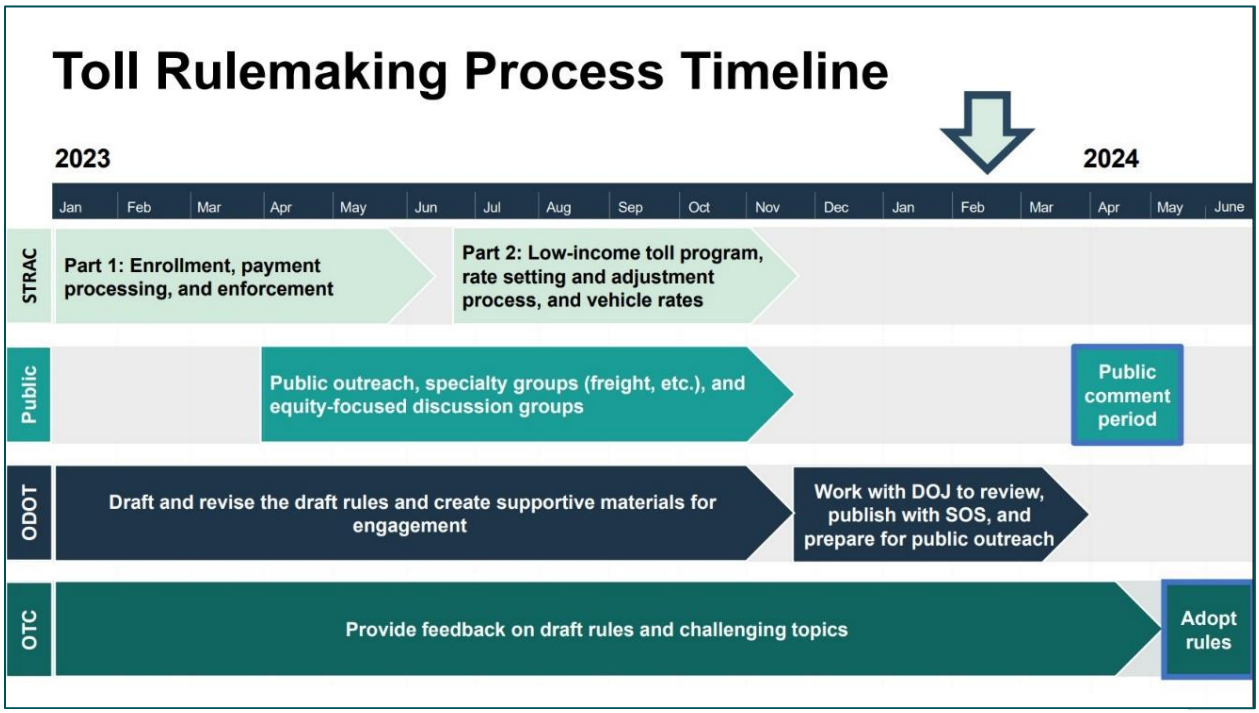

Figure 9 Toll Rulemaking Process Timeline, February 16, 2024

Gantry Locations

The only identified gantry locations for the I-205 project at the time SSTP was concluding its work had been on the Abernathy Bridge. There would not have been gantry locations identified for the Regional Mobility Pricing Project or the Boone Bridge until the environmental assessment had been completed. ODOT was looking at traffic impacts on tolling in the entire corridor to see if there had been a need to have a gantry location at the Boone Bridge to manage congestion or have a location further north. More information would have been forthcoming as the environmental impact process progresses.

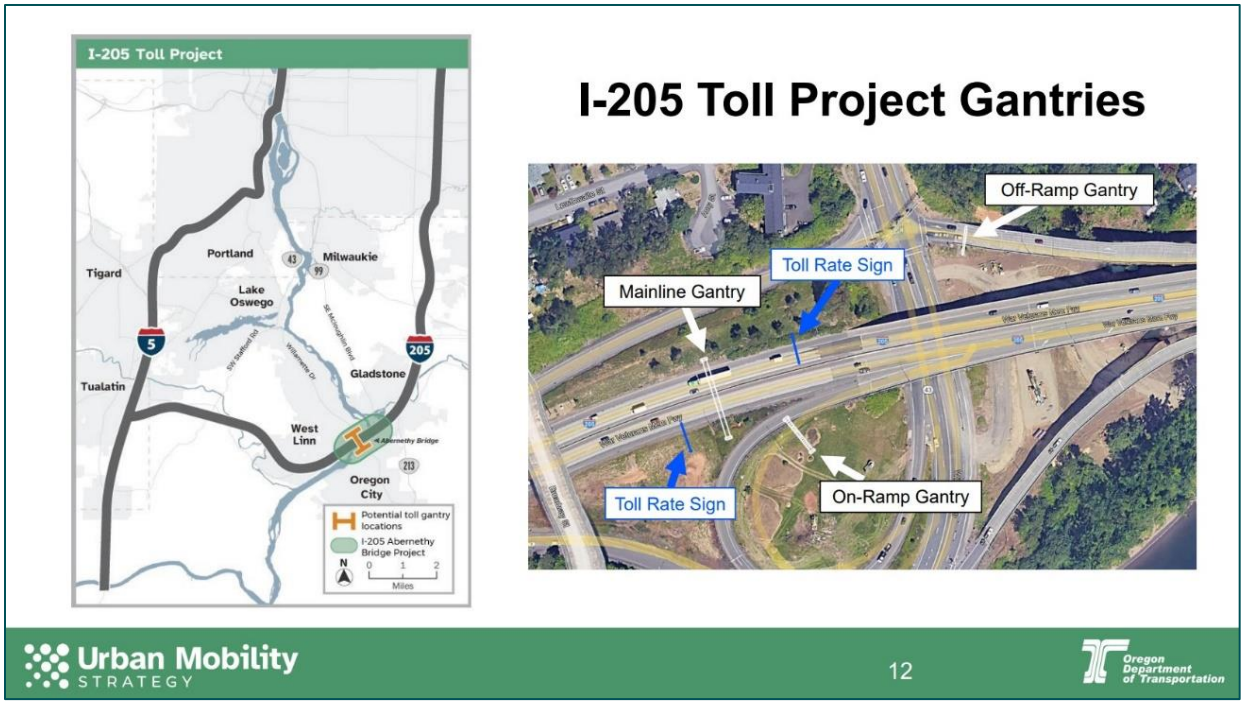

Figure 10 I-205 Toll Project Gantries, February 16, 2024

Operations Set Up and Costs

ODOT had intended to contract for firms to operate the toll system, including a customer service and back-office component, as well as a roadside vendor that would have operated the gantry technology. The adjusted gross toll revenues had included deductions of credit card fees, toll tag purchases and distribution costs, ODOT operations costs, consultants, roadway toll system costs, customer service center and back-office center, and road maintenance costs. After those costs had been deducted, net toll revenue would have been used for debt service payment, a rehabilitation and repair reserve account, a revenue stabilization account (debt service reserve), with the remining funds being used to pay for other investments in the corridor.

Tolling funds have the same restrictions under Article IX, Section 3a, in the Oregon Constitution and thus must be dedicated to highway purposes, which include roads, maintenance operations, bicycle and pedestrian infrastructure, and certain types of transit infrastructure, within the highway right of way. ODOT had envisioned that in the future, surplus net revenue could be used in the corridor, as well as other investments over the long term. The OTC has a policy in place that revenue raised in a corridor will stay in a corridor. There is provision in law that specifies that once a project is completed and the debt service paid, funding can be used for other projects. (Figure 11).

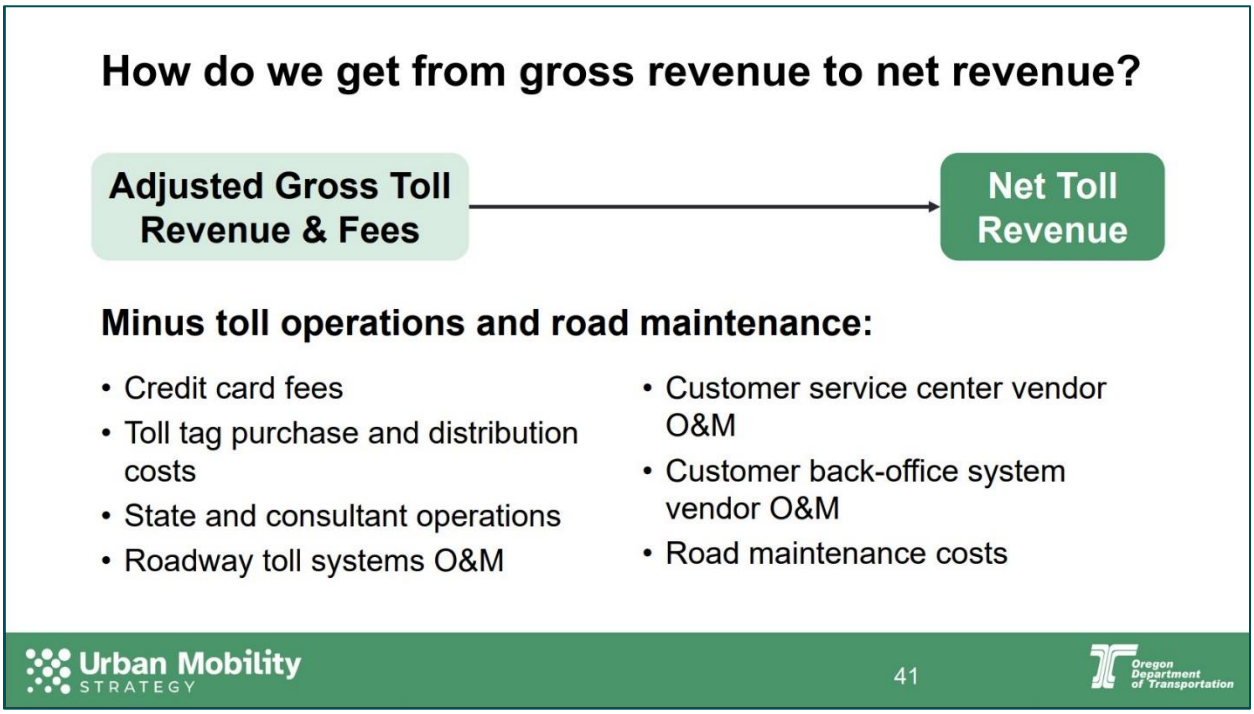

Figure 11 Gross Revenue to Net Revenue, February 16, 2024

Logistics of Tolling Program

Oregon's tolling program analysis had included defining gross revenue to net revenue where toll operations and road maintenance costs were deducted from the gross revenue, including road maintenance. These are referred to as operations and maintenance costs, which are broader than administration costs. Tolling revenue would have been used to make improvements in the corridor and pay for debt service. Net toll revenue would also be used to establish rehabilitation and repair reserve accounts, revenue stabilization and debt service reserve account deposits, as well as make other investments in the corridor.

Establishing Tolling Rates

On February 23, 2024 the SSTP heard from Travis Brouwer, ODOT and Brent Baker, senior vice president & managing director from WSP USA on the process of establishing tolling rates.

Operational Costs

ODOT had been in the process of estimating operational costs. The agency's stated intent had been to try to keep administrative costs low but would include the cost of providing good customer service and administering the low-income toll program and tolling exemptions (Figure 12).

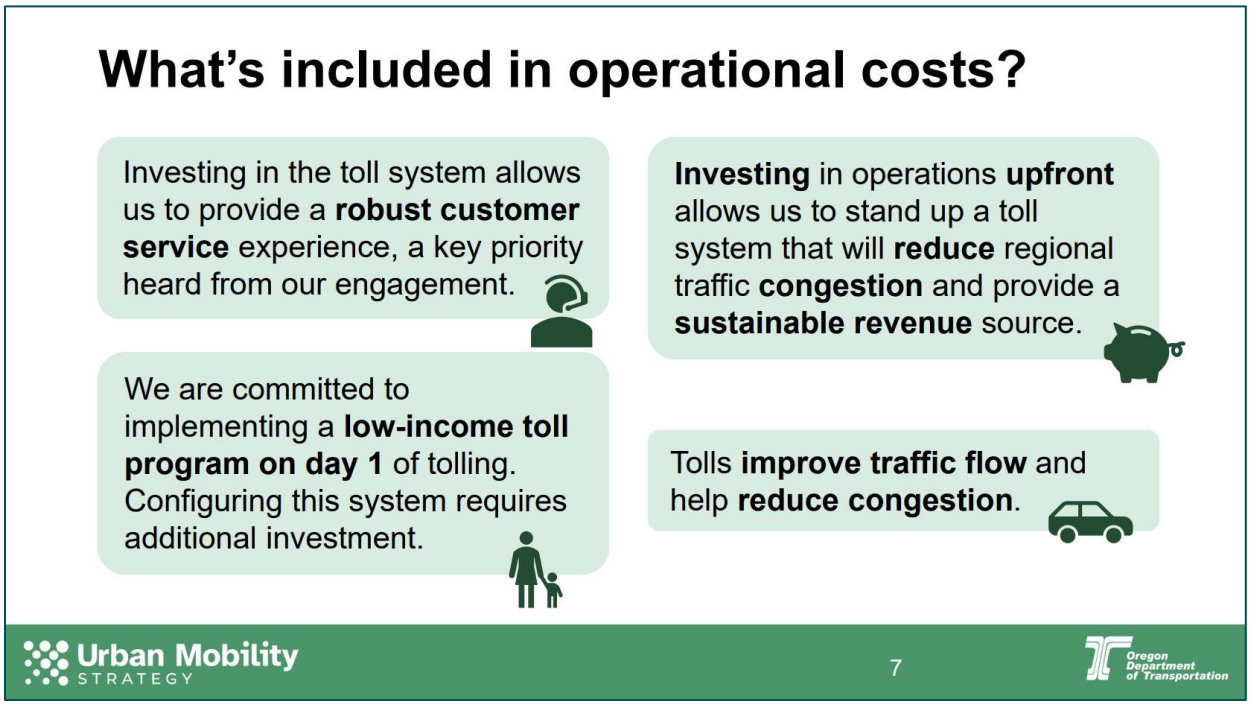

Figure 12 Operational Costs, February 23, 2024

Costs are contextualized as either an average cost per transaction, or as a percentage of a toll.

- In Washington State, the average toll cost across five facilities is $3.11. The average transaction costs for tolls are $0.66, which is an administrative cost of 20 percent. That is totality of the costs and averages over all transactions, including the costs of out of state collections.
- Toll tag transaction cost is very low relative to the cost for mailing a bill to someone identified by licenses plate. Washington State charges a $2.00 surcharge for all transaction by mail, and the assumption is that Oregon would need to do the same, as it provides incentives for people to use online system.

Operational costs would include customer service, managing the low-income toll program, and investing in operations upfront to help reduce congestion and provide a sustainable funding source. Toll operations would include a mix of public and private employers. Operational costs are dependent on the toll rates. Higher tolls would have a lower percentage of administrative costs and lower tolls would have higher percentage of administrative costs.

- The I-205 tolling project had been modeled with an average toll cost of less than $2.00, with 33 percent projected for administrative costs.

- The Interstate Bridge Project (IBR) is expected to have a higher toll rate, with models projecting administrative costs of 20 percent.

As with most toll authorities, ODOT had planned on hiring a back office/customer support vendor and a roadside system supporter. Two program offices at ODOT would provide oversight and management of the tolling program. The contractor had not yet been identified, but the in-person customer service office was expected to be in Oregon, with possibly an additional service center in Washington. ODOT would have operated call centers, some located in Oregon, and some located elsewhere. There are approximately a dozen vendors worldwide for specialized tolling software and hardware and ODOT put out a request for proposals for the back office/customer service center and had 10 applicants. ODOT had submitted a notice to award and were in the protest period for that contract.

Tolling Rates (Usage Fee)

Toll rates for the I-205, IBR, and the RMPP would have their own rate structures. The toll rate setting process included setting goals, determining the toll area, and modeling rate options and effects.

Oregon law (ORS 383) establishes the OTC as the toll authority for state highways. As part of a review of 15 different tolling programs around the country, ODOT did not find an example where legislature is directly involved in setting toll rates. Most legislatures set the boundaries for tolling and then the Governor or boards set specific rates for example. There is a bond trust indenture that basically sets a contract with investors, and there is stability benefit from having a commission set those toll rates.

The OTC has the authority to name and designate tollway projects, set toll rates, adjust toll rates, and adjust and review those rates and keep them in operation over time. ORS 383 defines tollways and tollway projects and allows the Commission to designate specific tollway projects (capital projects), but also allows those proceeds to be used on tollways. There is some direction in statute for the IBR, which directs the OTC to reduce the toll rates once the bonds are paid off but does not require that tolls be removed from a facility after bond debt is retired. (ORS 383.008)

Toll Rate Analysis Process

The Toll Traffic and Revenue Study (T&R Study) is a foundational analysis that estimates the potential traffic, travel behaviors, and revenue outcomes of a toll facility. There are series of T&R Study levels from one to three, and each one is more refined. T&R studies looks at things such as traffic counts, trip origin and destination patterns, population projections and employment growth, changes to future transportation options, toll polices, and pricing strategies.

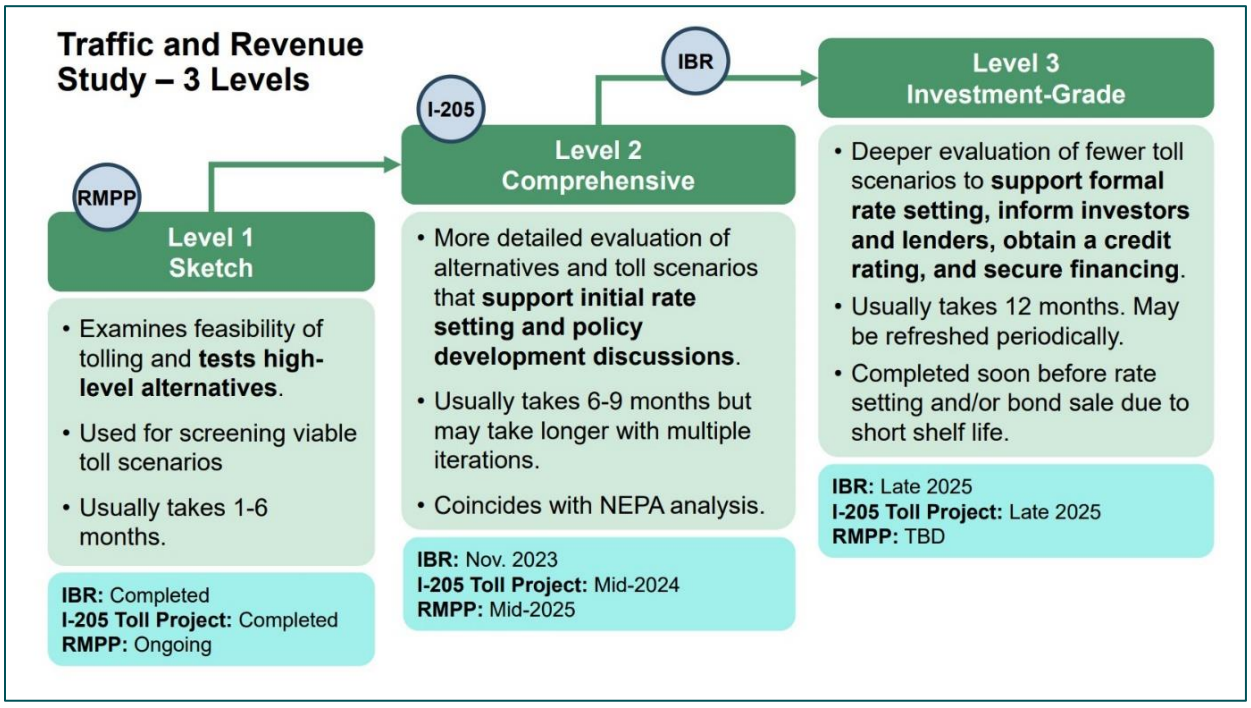

Figure 13 Traffic and Revenue Studies, February 23, 2024

Level One tests high-level alternatives; Level Two tests more detailed evaluation of alternatives and scenarios and supports the initial rate setting and policy development discussions; and Level Three is a deeper evaluation of a few alternatives to support formal rate setting, inform investors and lenders, obtain a credit rating, and secure financing. Level Three T&R studies have a limited shelf life, although the study can be refreshed over time as rates are reviewed.

ODOT designed four scenarios for the I-205 project. Those four scenarios were shared with the public and OTC to solicit feedback, which both ODOT and the OTC addressed. When the third lane on I-205 was postponed, ODOT phased out the Tualatin Bridge tolling and repeated the T&R analysis.

Four tolling scenarios for the I-205 project at the Abernathy Bridge were shared:

- variable toll rates throughout the day (Scenario 0),
- flatter toll rates at peak and off-peak hours (Scenario 1),
- highest tolls at peak periods and no tolls overnight (Scenario 2),
- higher tolls at peak and variable tolls throughout the day (Scenario 3).

Clackamas County shared that there was an interest in not having overnight tolls, so ODOT was evaluating a Scenario 3b, which would include not having overnight tolls.

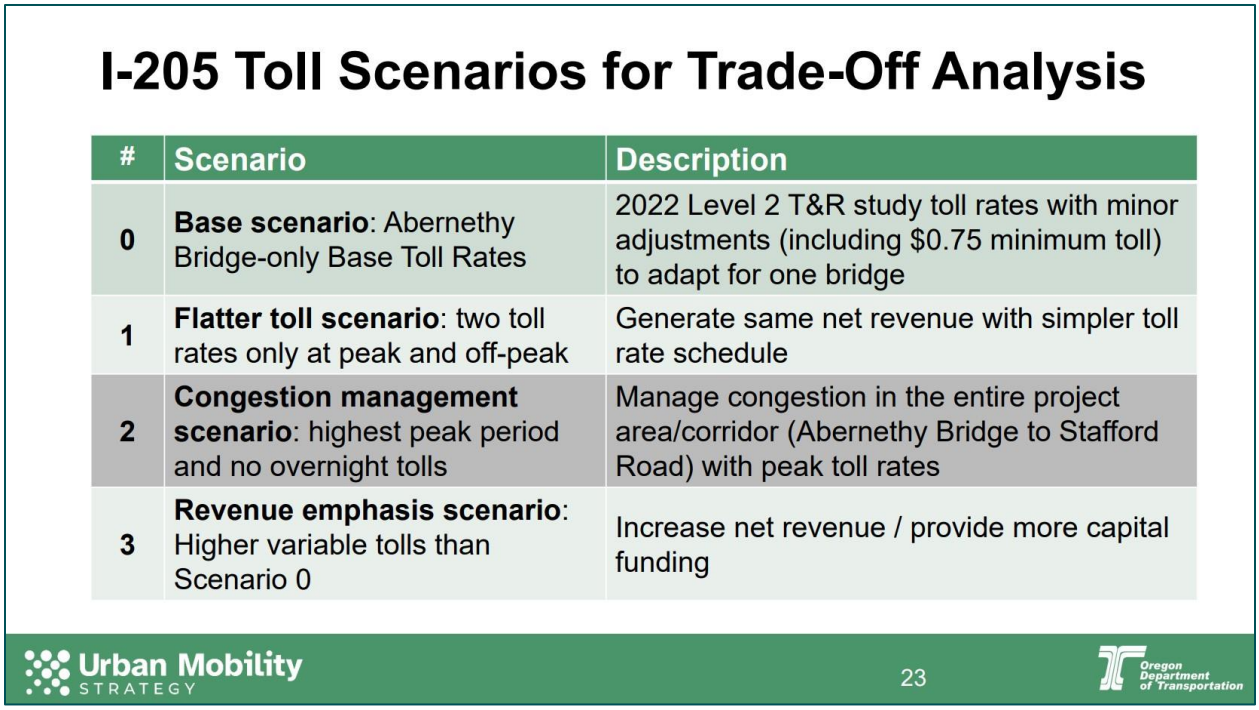

Figure 14 I-205 Toll Scenarios, February 23, 2024

ODOT has completed the Level Two T&R analysis of the IBR project, and the OTC is working with the State of Washington to set toll rates. There is a bi-state tolling subcommittee that has approved an agreement on how tolls will be set, and that tolls must be adopted by a majority vote of each state's commission. The subcommittee must ensure compliance with both states law and bond covenants and must generate sufficient revenue. The process is currently in Level 3 T&R, with anticipation that the Oregon and Washington Transportation Commissions will adopt tolls by mid-2025. Toll rates for the IBR will be tested from $1.50 to $3.55, variable tolls during on and off-peak hours. They will also test annual toll escalation, low-income discounts, medium/heavy truck tolls and test tolls against other regional toll facilities.

Finally, when asked by the committee if ODOT has explored raising the gas tax as an alternative to avoid tolling, ODOT estimated that in order to pay for the costs of projects in the RMPP, there would need to be an estimated gas tax increase of $0.20-$0.25 a gallon. ODOT expressed that they were looking at tolling, federal funding, and additional taxes to help fill those funding gaps.

Community Listening Sessions

The SSTP hosted four in-person community listening sessions in Portland, Wilsonville, Oregon City, and Gladstone to hear from the public on the impacts and opportunities of tolling in their community. A total of 140 individuals provided public testimony at these meetings, and 333 pieces of written testimony were submitted. Some members of the public who testified during public comment identified themselves as representatives or

members of organizations, such as staff from local Chambers of Commerce, Families for Safe Streets, Oregon Walks, Sunrise PDX, and the Metro Climate Action Team.

Below are some recurring themes of invited and public testimony from each of these community meetings. They are broadly organized by subject, and the subjects and themes are not listed in any particular order or prioritization. This document provides a summary and does not reflect all the testimony received by the subcommittee. Recordings of these meetings and written comments are accessible online on the SSTP OLIS page (https://olis.oregonlegislature.gov/liz/2023I1/Committees/JTSSTP/Overview).

Congestion Pricing and Demand Management

The recurring themes from invited and public testimony on congestion pricing and demand management for proposed tolling in the Portland Metro region include:

- Support for congestion pricing during peak travel times for reducing vehicle miles travelled and vehicle emissions, as well as encouraging alternative methods of transportation.
- Desire to implement congestion pricing along I-5 and the Rose Quarter prior to expanding existing lanes in these areas to see if expansion is necessary.
- Concern that congestion pricing would lead to increased diversion and impacts on local communities.

Diversion Impacts and Mitigation

The recurring themes from invited and public testimony on diversion impacts and mitigation include:

- Concern about traffic diversion from freeways onto highways, arterial streets, and neighborhoods; testifiers shared specific examples of the anticipated local impacts of diversion and mitigation needs at each community meeting.
- Support for using tolling revenue for traffic safety, diversion, public transit, and mitigation projects.
- Concern about the safety of existing highways and roads, especially on high crash corridors and busy arterial streets.
- Diversion would adversely impact safety on roads, with impacts on schools, businesses, and residential areas.
- Diversion would increase traffic deaths, and reduce the overall safety of pedestrians, bicyclists, and motorists.
- Diversion would increase trip delays, as well as increase noise and air pollution.

Economic Impact of Tolling on Individuals, Families, and Businesses

The recurring themes from invited and public testimony on the economic impact of tolling on individuals, families, and businesses include:

- Affordability of tolls due to the increasing cost of living, existing fuel taxes, and DMV fees.
- Concern about price of tolls in general.
- Economic impact of tolls on low-income and middle-income households and individuals, with specific concerns for youth, students, migrant workers, travelling

health care workers, individuals who travel regularly for health care, and those on a fixed income.
- Equity of tolling on Oregonians and that tolling would be a financial barrier to access to education, health care, and employment.
- Adverse impacts of tolls on small businesses, including service providers passing on tolling costs to customers and customers being deterred from choosing small businesses in certain locations or spending less there.
- Challenges related to retaining and hiring staff who would be subject to tolls to travel to and from work.
- Ability of people to adjust their commute to alternative peak hours.
- Concern about the economic impact of tolling on small business owners, which might lead to business owners having to relocate out of tolling areas or close their businesses.
- Support for the Equity and Mobility Advisory Committee recommendations for equitable tolling discounts or incentives for low-income Oregonians.

Climate Change and Environmental Concerns

The recurring themes from invited and public testimony on climate change and environmental issues include:

- Concern about climate change in general and the impacts of transportation-related vehicle emissions and air pollution in Oregon.
- Concern tolling diversion would increase vehicle emissions in residential and business areas, including school zones and historically disadvantaged and displaced communities.
- Expressed demand that ODOT complete an Environmental Impact Statement for the Rose Quarter improvement project that studies alternative to freeway expansion, among other factors.

Alternative Transportation

The recurring themes from invited and public testimony on alternative transportation include:

- Support for investing tolling revenue in multi-modal and alternative transportation options in areas where tolling is proposed, including mass transit, railways, and pedestrian and biking infrastructure.
- Comments that mass transit options are not viable or reliable in some of the proposed tolling areas.
- Questions whether there is mass transit available in communities that is not in high demand or use.
- Support for improving and expanding existing transit systems, including investments in rail and bus routes between cities.
- Support for safety improvements for alternative transportation users, such as repairing and building sidewalks and ramps; developing and improving bike lanes; as well as rezoning areas for walkable and bikeable streets.

Impacts on Local Residents Who Have Limited Alternative Routes

The recurring theme from invited and public testimony on impacts on local residents who have limited alternative routes include:

- Potential tolling gantries on I-205 and I-5 are proposed in areas that have limited or no alternative routes to goods and services, including communities adjacent to I-205 Abernathy Bridge project, as well as tolling between Charbonneau and Wilsonville.

State Agency Planning Process

The recurring themes from invited and public testimony on the tolling planning process include:

- Concern about the planning and engagement process of the Oregon Department of Transportation (ODOT), including:
    - an overall lack of trust in the planning process;
    - agency data sharing;
    - overall agency transparency;
    - clarity on the proposals being deliberated;
    - responding to public and jurisdictional comments previously submitted;
    - levels of analysis conducted during planning studies;
    - historic policies and actions of ODOT that have displaced communities; and,
    - communications to communities adjacent to proposed tolling gantries.
- Desire for additional agency oversight.
- Suggested using alternative revenue sources to fund transportation projects, maintenance projects, and administration instead of tolling. Alternative ideas include raising the fuel tax, developing tolling on vehicle types (including electronic and hybrid vehicles), and charging for VMT (vehicle miles travelled).
- Recommending that ODOT share tolling revenues with communities impacted by tolling for road maintenance, repair, safety, and multi-modal transportation improvements.
- Concern that original legislative intention behind tolling was to address congestion rather than increased revenue. Concern for the increased cost associated with current plans as opposed to the cost at the time of passage.
- Considering other options like corridor tolling to allow people to pay one toll per day or managed lanes to provide a choice.
- Concern about the high administrative cost of operating a tolling system, which may not be as cost efficient as other revenue generating mechanisms.
- Suggesting it is better to invest in multimodal transportation options than to build new freeways and highways.
- Recommending that a comprehensive and long-term statewide transportation vision for Oregon is needed.

Other Concerns, Comments and Feedback

Other concerns, comments and feedback from invited and public testimony include:

- Acknowledging the economic benefit to entire state of reduced congestion.

- Concern that tolling in Metro region to fund infrastructure improvements would create inequitable cost burden for people living in Metro region.
- Considering affordable housing needs in relation to transportation planning.
- Recommendations that tolling be addressed in a statewide ballot measure.
- Personal stories about traffic fatalities or injuries, the historic displacement of communities of color, and multi-modal transportation experiences.

Conclusion

From the beginning the Joint Transportation Committee co-chairs and legislative leadership stated that the foundational purpose of the SSTP was to hear from ODOT, the public, and jurisdictional partners on the tolling program. This report summarizes the committee's work and provides a strong and detailed overview of the breadth of discussion the SSTP has undertaken and that may be used to inform efforts to develop the 2025 transportation package.

In a letter issued to the OTC after the conclusion of the 2024 legislative session that recognized the challenges of implementing the RMPP and the I-205 tolling project, Governor Kotek asked the agency to end its work and delay additional expenditures for implementation until the legislature could provide further direction.