

State Transportation System Needs

Funding Safety, Maintenance, and Operations

Public Transportation Advisory Committee

Suzanne Carlson, Administrator, Public Transportation Division
Oregon Department of Transportation

A Broad Scope & Priority Focus

ODOT strives to:

- **Maintain** Oregon's state highways, roads, and bridges.
- **Ensure a safe system** through education, investment, and regulation.
- **Develop a connected multimodal** statewide network.

ODOT's priority focus: delivery of core critical services to keep Oregon moving, enhance safety, keep communities connected, and build structural revenue stability and resilience for the future.

ODOT's investment focus:

- **First:** Safety and service restoration.
- **Next:** Capital improvements and modernization.



Statewide investments will lead to service improvements for all system users.

ODOT's Priority Needs

ODOT's priority needs are focused on the primary services and functions that **keep the agency running, maintain our transportation system, and keep people safe.**

- Service Functions
- Safety System Investments
- Fulfilling HB 2017 Commitments



Structural Revenue Challenges

A Tale of Two Budgets



Transportation Projects & Programs

Dedicated federal & state funds for:

- Construction projects
- Grant programs

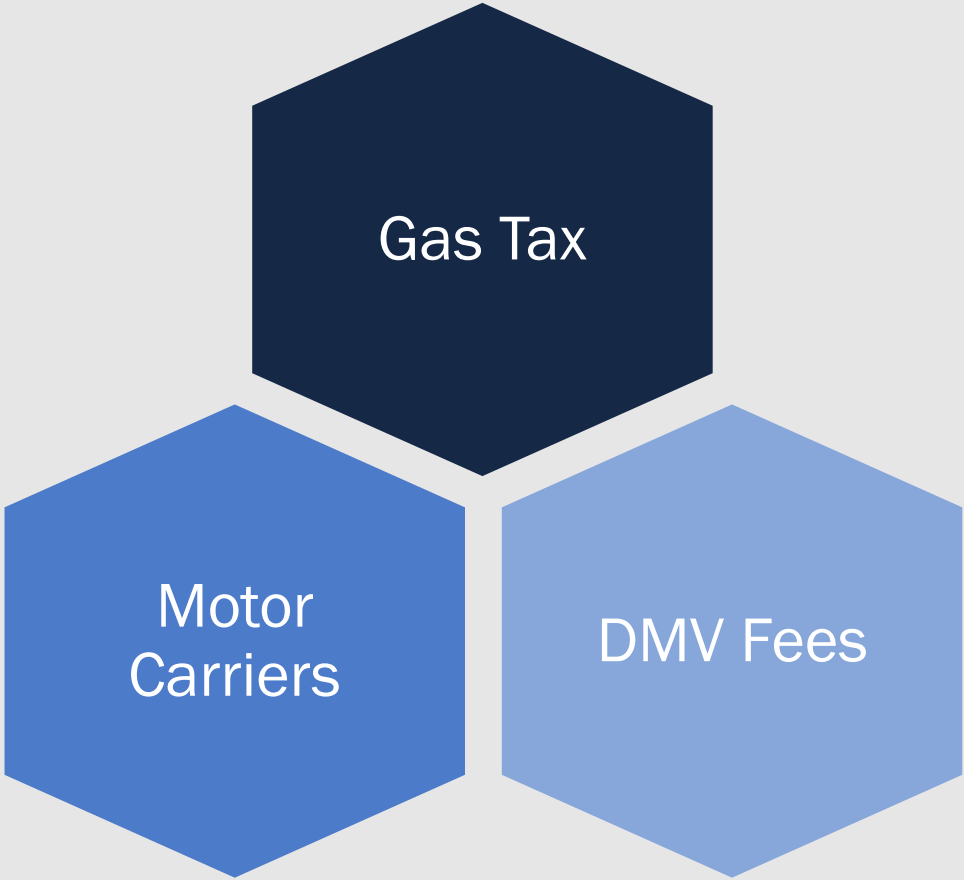


Maintenance & Agency Operations

State Highway Fund dollars available to run the agency:

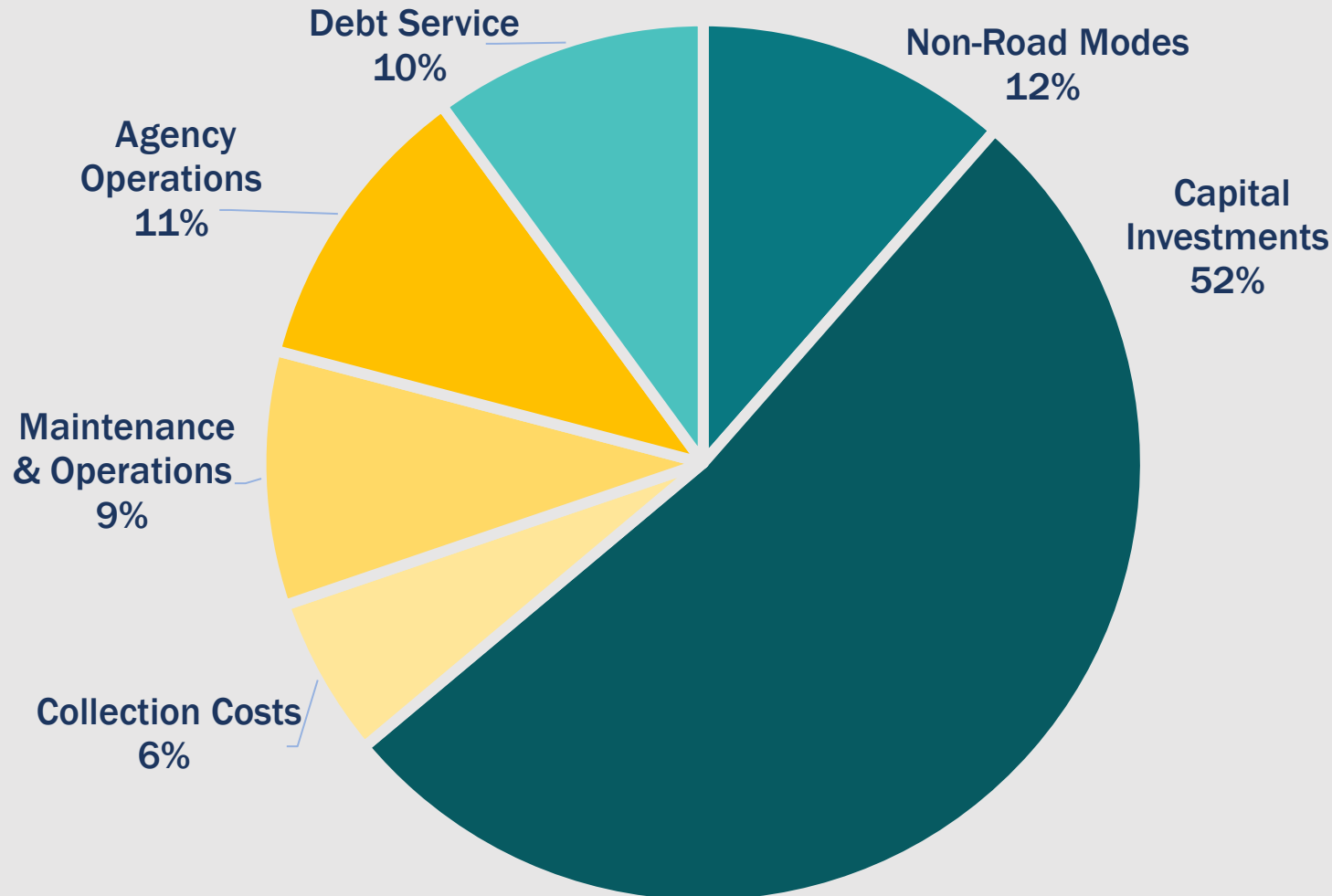
- Road maintenance
- DMV & CCD
- Central services like IT, HR

State Highway Fund Revenue Mechanisms



2023-25 ODOT Legislative Budget

\$6.1 Billion in Expenditures



Capital Investments

- Preservation (bridges, pavements, signals), Safety Improvements, System Enhancements

Non-Road Modes

- Public Transportation, Rail, Transportation Safety

Debt Service

- Debt service payments from all funding sources

Agency Operations

- Staff and support for daily operation, indirect costs

Maintenance & Operations

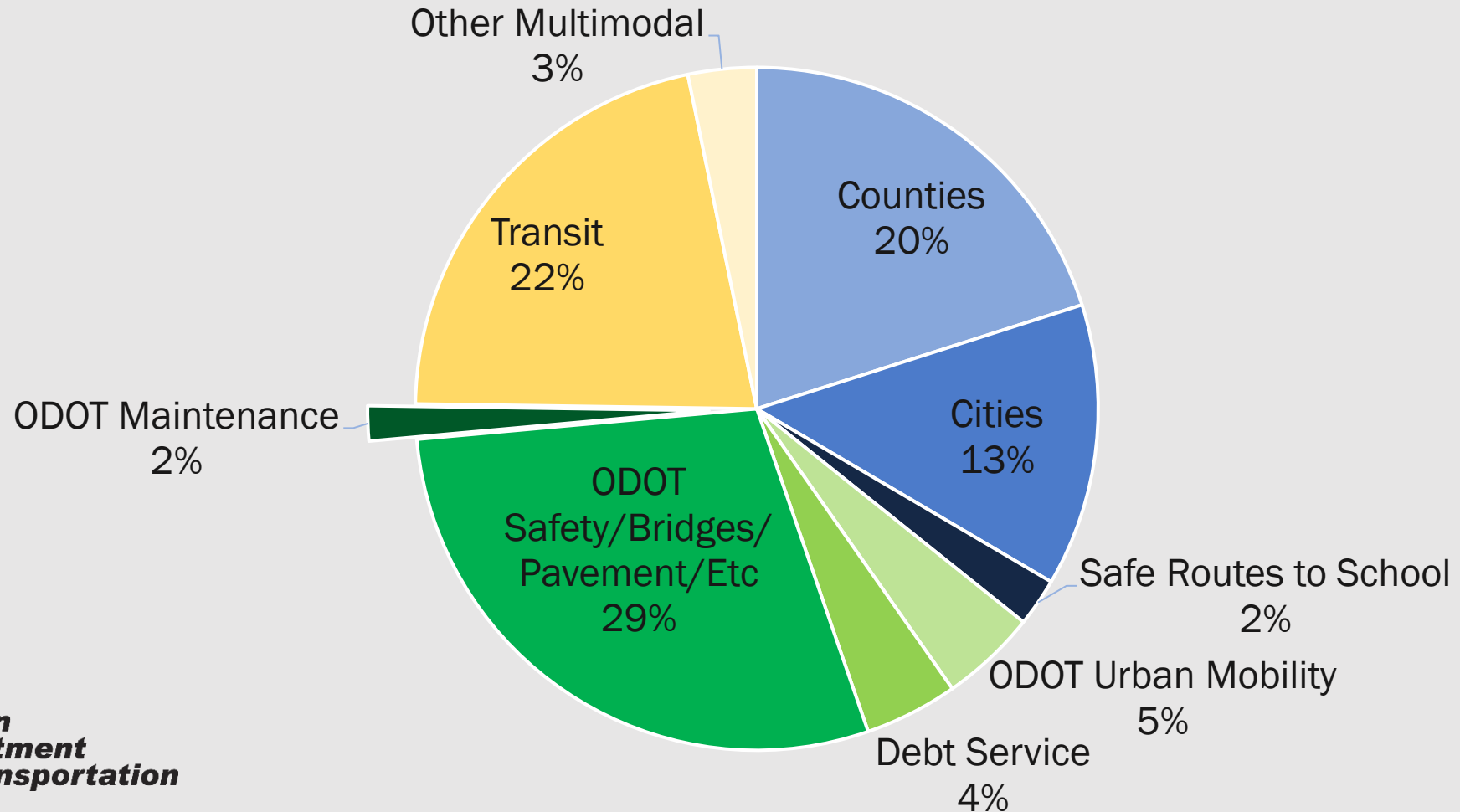
- Staff, equipment, and materials

Collection Costs

- Fuels Tax, Commerce & Compliance, DMV

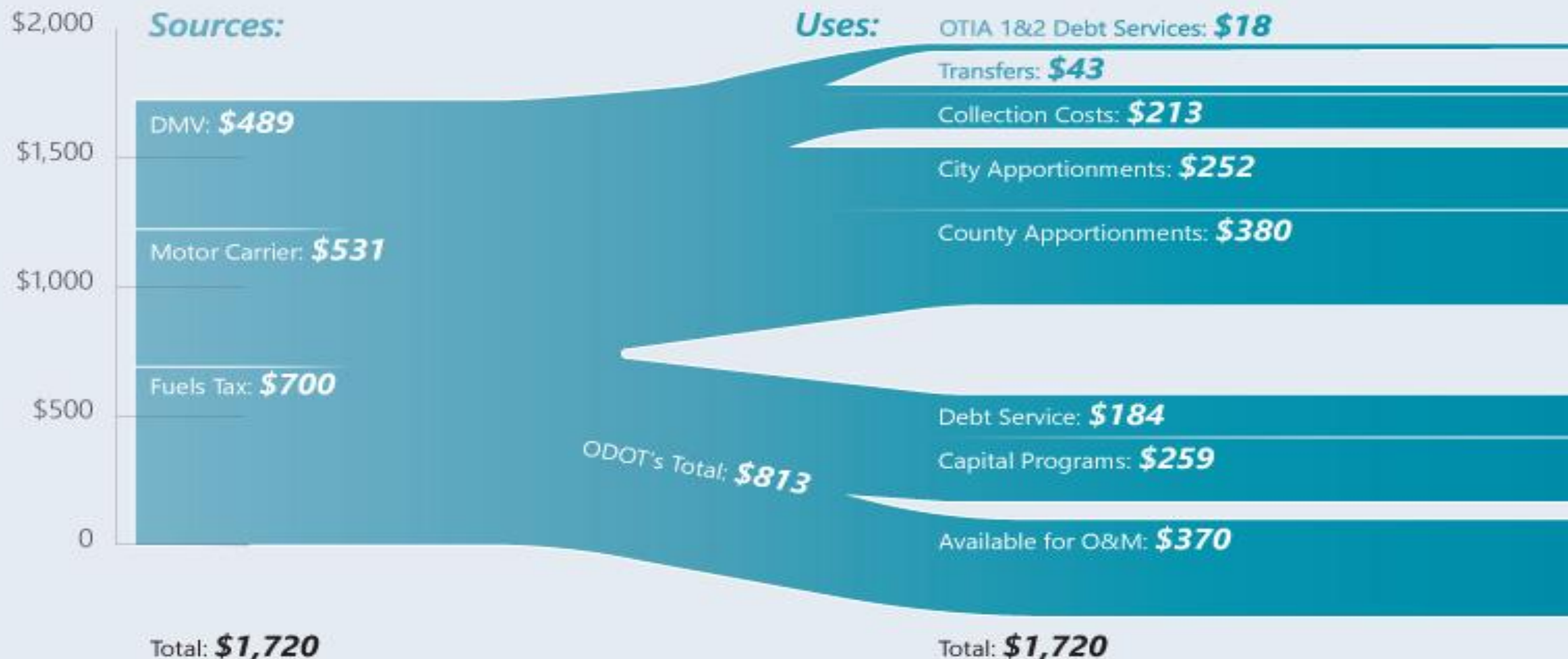
HB 2017 Funding Distribution

Forecast for FY 2025; \$658 million total projected revenue



State Highway Fund Sources and Uses

2023-2025 Annual Average in Millions



State Highway Fund Structural Funding Challenges



Future Fuels Tax Revenue Decline

- The average driver consumes almost **25% less fuel per year** than 10 years ago. At today's rate, that's over **\$40 less per year** in gas tax paid per vehicle.



Reliance on Few Sources of Revenue

- Oregon **does not utilize inflation-resistant** funding mechanisms to support transportation system needs.



Rigid Statutory Structure

- **About 75% of fees collected by DMV** go to local governments, construction projects, and other programs and can't be spent on delivering DMV services.
- **Only about 2%** of additional taxes and fees raised by HB 2017 went to state highway maintenance and operations.



Rise of Record Inflation

- Since 2017, the National Highway Construction Cost Index has **increased by over 80%**.
- Equipment costs have **increased about 25%** in the past four years.
- Paint costs **have increased over 30%** in the last four years.

Service	Estimated Annual Need	Annual Funding Gap
Service Functions		
Customer Service & Regulation (DMV)	\$170 million	\$50 million
Customer Service & Regulation (CCD)	\$60 million	\$25 million
Agency Operations	\$450 million	\$170 million
Maintenance and Operations	\$450 million	\$205 million
Safety System Investments		
Preservation	\$1,250 million	\$980 million
Programmatic and Systemic Safety Investments	\$200 million	\$145 million
Safe Routes to School Infrastructure	\$50 million	\$35 million
On-Road Bicycle and Pedestrian Network	\$135 million	\$115 million
Great Streets Program	\$65 million	\$45 million
On Road Freight Investments	\$12 million	\$8 million
TOTAL	\$2,842,000,000	\$1,778,000,000
Fulfilling HB 2017 Commitments	Estimated Total Cost*	Available Resources*
I-5 Rose Quarter Improvement Project	\$1,700 - \$1,900 million	\$160 million
I-205 Improvements Project	\$1,290 - \$1,360 million	\$745 million
TOTAL	\$2,990 - \$3,260 million	\$905 million
** updated UMS Finance Plan underway; amounts for "HB 2017 commitments" will change		\$2,085 - 2,355 million

Future Needs

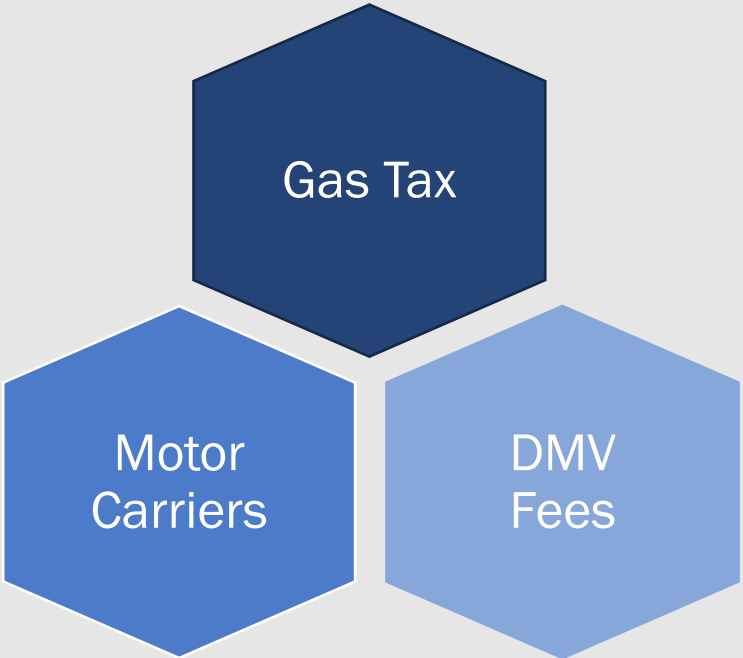
- **Insufficient and unreliable revenue** will force future service cuts.
- With sufficient and reliable funding, ODOT would first prioritize:
 - Restoring essential **maintenance services**.
 - Improving **customer service** gaps.
 - Addressing **safety** issues.
 - Fulfilling **HB 2017 commitments**.
- To maintain our existing transportation system, **structural revenue reform is needed**.



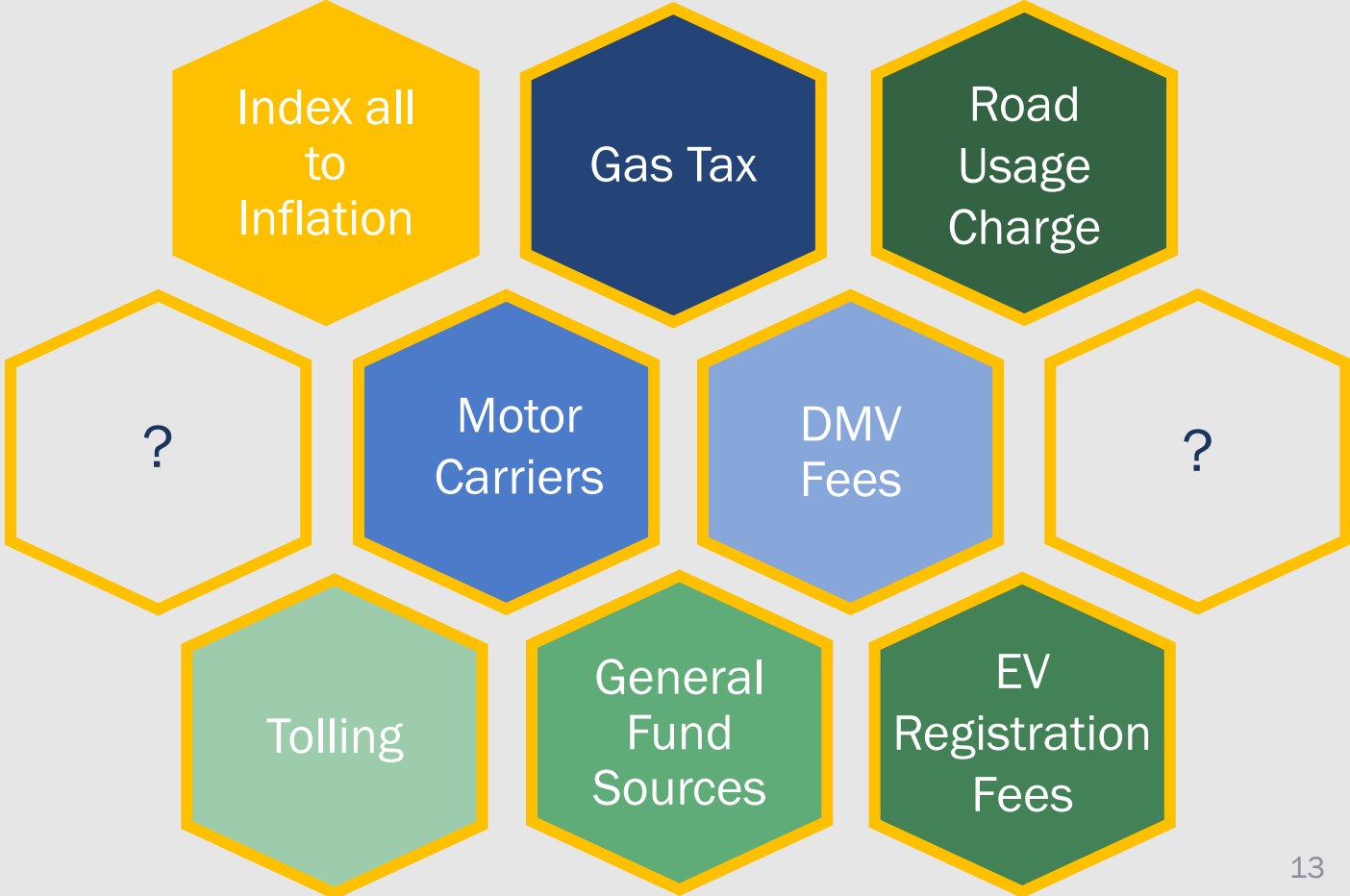
A More Diversified Revenue Portfolio

Sufficient and sustainable funding is key to maintaining and modernizing our transportation system

State Highway Fund Revenue Today



Some Options for the Future





Questions?

