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Background Brief on ...

Roads and Highways

History

Overland travel in Oregon progressed from private wagon roads and ferries during settlement days to a network of stage roads by 1890. The state began investing in roads in the early part of the 20th Century, instituting a \$3 vehicle registration fee in 1905. The State Highway Commission was created in 1913. Oregon imposed the nation's first gas tax (one cent per gallon) in 1919. By 1920, Oregon had 620 miles of paved roads, 297 miles of plank roads, 107,307 registered motor vehicles, and a population of 783,000.

Today's most traveled routes were designed and built in the 1960s and 1970s, a period known as the "Interstate Era." A 50 percent increase in travel during the past 20 years, including substantially more truck travel, has led to more areas of congestion and a backlog of preservation and maintenance needs. An anticipated population increase of nearly one million people over the next 20 years means these trends are likely to continue.

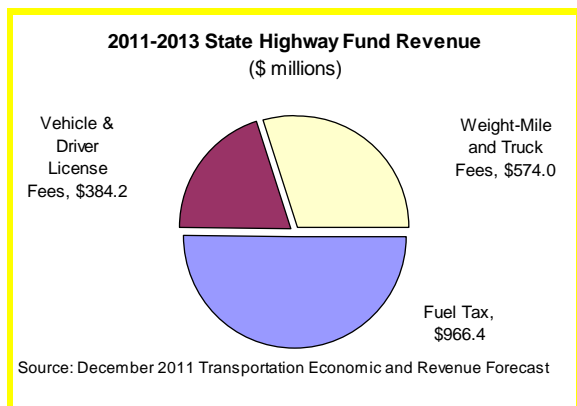
Existing Infrastructure

The Oregon Department of Transportation (ODOT) operates and maintains about 8,000 miles of road and 2,700 bridges. These numbers include interstates, U.S. highways, and state highways. State-maintained highways make up about 10.8 percent of road mileage in the state, but carry about 55 percent of the estimated 35.6 billion vehicle miles traveled in the state each year. The rest of the traffic is carried on the local road system, including about 33,000 miles of county roads, 10,800 miles of city streets, and 22,000 miles controlled by federal and state agencies. The combined system annually carried over 1.74 billion truck miles in 2009.

Sources of Highway Revenue

Oregon pays for the construction, maintenance, and operation of the state highway system primarily through

user fees. Principal sources of revenue are federal funds, state fuel taxes, state weight-mile taxes on trucks, and state vehicle registration and title fees. The taxes and fees collected by the state are shared with Oregon cities and counties and are constitutionally dedicated to use on highways. The state does not use General Funds on highways. The chart below shows anticipated collections for this biennium after subtracting collection costs and transfers, but before distribution to cities and counties and set-asides for debt service.



Other States

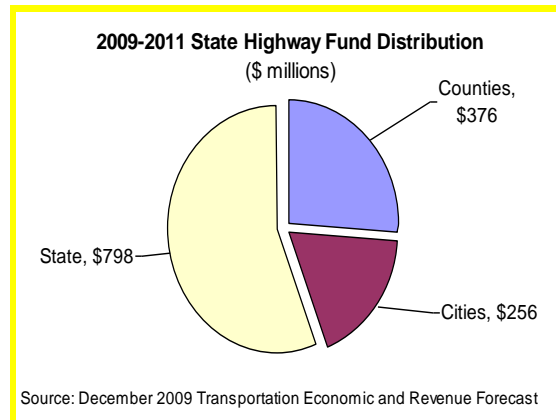
The chart above illustrates Oregon's policy of charging highway users based more on *use* of the system rather than on *vehicle ownership*. Most other states have sales taxes or other fees that apply to vehicles and some states base fees on the value of the vehicle. Such charges can substantially increase the cost of owning a vehicle. Oregon has relatively low registration and title fees and comparatively higher fuel and truck use taxes.

City and County Share of Fund

The following chart shows forecast distribution to cities and counties for the 2009-2011 biennium. The distribution is made using statutory formulas, including the formula for revenue raised by House Bill 2001 (2009): 50 percent to the state; 30 percent to counties; and 20 percent to cities.

Funds are distributed to individual cities by population. Funds are distributed to counties

based on the number of vehicles registered in each county.



Local Funding Variation

Roughly half of all local highway revenue used by cities and counties comes from the distribution of the state Highway Fund as shown above. However, the mix of state, local and federal money used by individual cities and counties varies significantly. The remainder of local road revenue is locally generated or of federal origin.

Local sources of road revenue include property taxes, system development charges, traffic impact fees, maintenance fees, parking fees and fines, lodging taxes, franchise fees, accrued interest, county fuel taxes (Multnomah and Washington counties), and city fuel taxes (Astoria, Canby, Coburg, Coquille, Cottage Grove, Dundee, Eugene, Hood River, Milwaukie, Newport, Oakridge, Pendleton, Sandy, Springfield, Stanfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton, and Woodburn). House Bill 2001 (2009) prohibited local governments from enacting new fuel taxes or amending existing fuel taxes until January 2014.

Federal Forest Revenues: Thirty-two of Oregon's 36 counties receive federal payments in lieu of property taxes. These revenues are dedicated to schools (25 percent) and roads (75 percent). Since 2000, the federal Secure Rural Schools and Community Self Determination Act has supported the payments at higher levels than can be sustained by the reduced amount of

timber harvest from federal lands. A four-year extension authorized payments through federal fiscal year 2011, with declining levels of support each year.

Federal timber payments accounted for about \$76.5 million (19 percent) of \$397.1 million in county road program revenue reported during fiscal year 2011. Timber payments for fiscal years 2012 and beyond could be in the range of \$6 – 10 million, depending on the amount of timber harvested.

Federal Funds

Most states, including Oregon, depend on federal funds for a significant portion of their highway revenue. Oregon's legislatively adopted budget for the state highway system for the 2011-2013 biennium is 73 percent state revenue and 27 percent federal revenue. Federal highway funds are derived mainly from an 18.4-cent federal gas tax, a 24.4-cent diesel tax, and other fees on heavy trucks. These revenues are deposited in the federal Highway Trust Fund, which distributes funds from the Highway Account to states and local governments and from the Mass Transit Account to transit agencies. Federal highway funds are used for capital construction projects on state highways (including the Interstate) as well as planning, and some can be used for transit and bicycle/pedestrian capital projects.

Federal transportation programs are typically adopted on a multi-year cycle through authorization bills. These bills set anticipated funding levels over a multi-year period, define categories of funding, and establish formulas and program criteria under which states receive funds. The most recent authorizing bill, enacted in 2005, increased federal highway funding by 30 percent. The 2005 measure expired on September 30, 2009; Congress is currently considering a replacement bill and has passed continuing resolutions to provide funding. Actual funding depends on the annual appropriations process in Congress and is often somewhat less than the authorized level. Federal funding comes primarily from formula grants, as well as from some discretionary funds; in the past some funding has come in the form of

congressional earmarks. Because most federal funding is distributed through formula grants, members of Congress attempt to negotiate formulas into authorization bills that favor their states. The U.S. Department of Transportation makes federal discretionary funds available in several different program categories; state and local highway agencies must submit project applications and compete for funding.

Because the federal gas tax has not been increased in nearly two decades, the federal Highway Trust Fund is taking in substantially less than it is paying out for highway and transit projects. As a result, the Highway Trust Fund will once again exhaust its balances sometime in 2013. When this occurs, Congress will be faced with the choice of either finding additional resources for transportation or cutting the federal highway and transit programs by about one-third.

For the most part, federal funds are received as reimbursement after state funds are spent on a project. State or local matching requirements for federally funded projects in Oregon are currently about 10 percent.

Weight-Mile Taxes

Oregon uses a weight-mile tax to assess trucks for use of state and local highways. Under this system, the tax rate for a truck increases with its weight and the rate is paid per mile of operation in the state. Most states levy a diesel tax on trucks operating on their roads but Oregon assesses the weight-mile tax instead. The rationale is that a weight-mile tax more accurately assesses trucks for road wear than does a fuel tax.

Farm vehicles, unless they are used for hire, are exempt from weight-mile taxes and pay fuel taxes. Truck owners carrying logs, wood chips, and rock products have the option of paying "flat fees" instead of weight-mile taxes. These fees vary with weight but are "flat" because they do not vary with mileage. The flat fee option is available for these trucks because they are often operated seasonally, make shorter trips, and mix taxable and non-taxable (non-highway) miles.

Setting Tax Rates

Rates for state fuel taxes, registration fees, and weight-mile taxes are all set in statute. The Oregon Constitution (Section 3(a), Article IX) requires adjustment of tax rates to ensure fairness and proportionality between classes of vehicles. State economists perform a biennial Highway Cost Allocation Study to determine how the burden of highway expenditures should be shared between cars and trucks, and between different types and weights of trucks. The study determines proper balance of tax rates between classes of highway users but does not attempt to determine appropriate levels of total revenue. Study results are presented to the House and Senate Committees on Revenue that determine what legislative action is appropriate.

Jobs and Transportation Act of 2009

House Bill 2001 (2009), referred to as the Jobs and Transportation Act (**JTA**), was the largest investment in transportation infrastructure in Oregon history. The measure increased:

- Vehicle title fees from \$55 to \$78, and salvage titles from \$17 to \$27.
- Annual vehicle registration fees as follows:
 - Passenger vehicles: \$43 (increased from \$27);
 - Motorcycles and mopeds: \$24 (increased from \$15);
 - Hybrid electric and two and three-wheel electric vehicles: \$43 (increased from \$27); and
 - Medium speed electric vehicles: \$43 (new category of vehicle).
- Gasoline and diesel fuel taxes from 24 cents to 30 cents per gallon.
- Registration fees paid for heavy vehicles (over 26,000 pounds gross weight) by two times. For reference, the registration fee for an 80,000 pound truck is \$998 (was \$490 prior to the JTA).
- Weight-mile taxes and equivalent flat fees paid by heavy vehicles by about 24 percent. For reference, a truck registered in the 78,000- 80,000 pound weight class pays 16.38 cents per mile traveled in Oregon (was 13.16 cents per mile prior to the JTA).

Prior to the JTA, the state fuel tax was last increased by the 1991 Legislative Assembly, when it was increased from 22 to 24 cents; a subsequent attempted increase was defeated by referendum in 1999. Vehicle registration and title fees were last increased in 2003. Weight mile taxes were last changed in 2003 to maintain cost responsibility.

The tax and fee increases in the JTA were targeted to raise \$300 million per year once the measure was fully implemented (FY 2012). Due to a number of factors, including the recession affecting vehicle title and registration and fuel consumption, changes in vehicle fuel economy and long-term changes in driving habits, the additional revenue raised by the JTA may not attain the \$300 million level until after 2017.

Project Selection

The Statewide Transportation Improvement Program (**STIP**) is a capital improvement program adopted by the Oregon Transportation Commission (**OTC**) and approved by the U.S. Department of Transportation. The STIP contains schedules and funding assignments for project development and construction for an upcoming four-year period.

The STIP is updated biennially. The Commission begins the update process by setting program funding levels and approving project selection and prioritization criteria for bridge, pavement preservation, and modernization projects. Projects are identified and prioritized at the ODOT region and Area Commissions on Transportation (**ACT**) level. ACTs prioritize transportation problems and solutions and recommend projects in their area to be included in the STIP. The regions use technical ratings, traffic counts, and local knowledge and priorities to rank preservation projects. ODOT also uses a technical advisory committee for bridge project selection. Factors considered when ranking modernization projects include safety, benefits, land use impacts, modal integration, congestion, public support, environmental impact, and economic impact. House Bill 2001 (2009) directed the Oregon Transportation Commission to work with stakeholders to review and update project

selection criteria for the STIP. In revising the criteria, the OTC is to consider issues such as improvements to relieve congestion, safety enhancement, technological innovation, reducing the need for additional highway projects, improving freight-reliant infrastructure and support for economic growth, greatest benefit in relation to project cost, and fostering livable communities and sustainable urban development.

Unmet Needs

The Oregon Transportation Plan was approved by the Oregon Transportation Commission in September 2006. The Plan's needs analysis identified an approximately \$1.3 billion (in 2004 dollars) annual gap in the funding needed to adequately maintain and expand the publicly funded transportation modes over the 2005 to 2030 timeframe. The analysis included the needs of the public and privately owned components of the state, regional, and local transportation systems for the following:

- Air freight and passenger services;
- Intermodal connectors;
- Local roads and bridges;
- Natural gas and petroleum pipelines;
- Ports and waterways;
- Public transportation;
- Rail freight and passenger services; and
- State highways, including state bicycle and pedestrian facilities.

City and county circumstances vary, but most also report high levels of unmet need. High-growth areas and popular tourist areas are unable to fund capacity improvements to handle overwhelming increases in vehicle travel. At the same time, sparsely populated counties do not receive enough in state-shared highway revenues to cover basic maintenance costs on the many miles of road network that link communities.

Studded Tire Damage

Use of studded tires is currently legal in Oregon between November 1 and April 1. Although improved winter tires are available, and some

are certified by the ODOT for use as traction tires, many drivers prefer to use studded tires. The ruts created by studded tires on high-use routes can become deep enough to adversely affect driving, and when the ruts fill with water, hydroplaning and splash/spray conditions worsen. In its most recent analysis (2000), the ODOT estimated spending \$7.8 million a year to repair damage caused by studded tires without keeping up with the annual damage. An additional \$3 million was spent by cities and counties to repair studded tire damage.

Bonding for Transportation Project Construction

Oregon was a "pay as you go" state prior to 2001, typically not bonding to finance its highway construction program. This policy was based on the reasoning that pledging future revenue to bond repayment would leave less money for future projects.

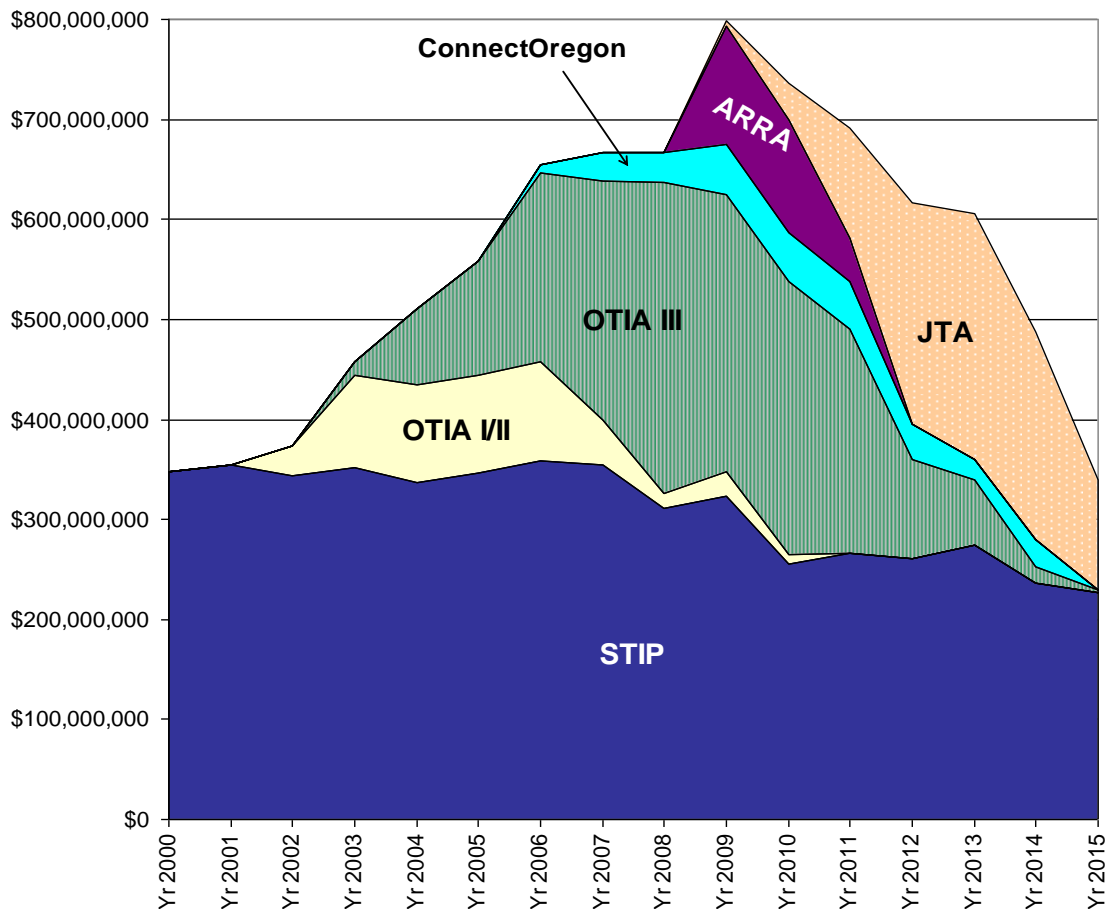
The Legislative Assembly initiated bonding to finance projects with the Oregon Transportation Investment Act (OTIA) in order to capitalize on low interest rates to address a backlog of critical projects. Bond financing has allowed small increases or commitments in revenue to leverage a large amount of money for projects.

The state highway bond programs include:

- 2001 OTIA \$400 million – modernization, bridges, pavement preservation
- 2002 OTIA \$100 million – modernization, bridges, pavement preservation
- 2003 OTIA \$1.30 billion – state bridges
- 2003 OTIA \$300 million – modernization
- 2009 JTA \$840 million – modernization
\$2.94 billion – total

Combined with one-time funding from the federal American Recovery and Reinvestment Act (**ARRA**), these legislative actions have resulted in record levels of funding for transportation programs. The following chart illustrates the significant surge of investment in all transportation modes.

ODOT Capital Program



Project Contracting

All state highway construction and preservation projects are contracted to the private sector. The traditional state contracting model is known as *design-bid-build*. Under this model, state engineers or engineering consultants design a project, and the agency solicits bids to meet their specifications and selects the lowest responsible bidder to construct the project. State staff oversees and manages the project.

ODOT also uses the *design-build* contracting process. In this process, a bid is put out for both design and construction of a project. Bids can be submitted by a single entity, a consortium, a joint venture, or other organization assembled for a particular project. Design-build contracting

is widely used throughout the United States and can reduce delivery time and related delays, simplify relationships, more quickly develop solutions and establish project costs, and decrease the number of construction contract changes.

Customary practice with design-build contracting is to rely on best value that takes into account both the technical capabilities and qualifications of the design build team and the cost of the bid. There is no universally accepted approach for determining best value. The request for proposals usually specifies the relationship between cost and technical factors.

Construction Manager/General Contractor

With the OTIA III bridge program's Interstate 5 Willamette River Bridge project in Eugene-Springfield, ODOT chose for the first time to use the construction manager/general contractor, or CM/GC, procurement method. Using CM/GC, ODOT partners with a design firm and contractor early in the process, which allows critical input from the contractor regarding construction alternatives and pricing options. CM/GC helps the agency to control costs, schedule issues and design options, and adjust outcomes as the project proceeds. It also can accelerate the schedule, because preconstruction consulting by the contractor leads to early work packages that allow portions of the peripheral work on the project to start before the final design is complete.

Columbia River Crossing

Policymakers in both Oregon and Washington have undertaken development of a solution to one of the most significant bottlenecks on the Interstate 5 corridor: the Interstate Bridge between Portland and Vancouver. The Columbia River Crossing (CRC) is a bridge, transit and highway improvement project for five miles of I-5 between Victory Boulevard in Portland and State Route 500 in Vancouver. Oregon formed a Legislative Oversight Committee in 2011 to monitor the project. On December 7, 2011, the CRC project achieved a significant milestone with the record of decision issued by the Federal Highway Administration and Federal Transit Administration, completing the environmental planning phase under the National Environmental Policy Act. The record of decision identifies a replacement bridge with light rail as the alternative that best improves safety, travel reliability, freight mobility, and bridge structural stability and relieves congestion on Interstate 5 between Portland and Vancouver.

(see Background Brief on Bridges for more information).

Preservation First

Through policies and budget decisions, the Oregon Transportation Commission, the

Governor, and recent legislatures have made preservation of the existing system their highest priority for use of available funds. Because of tight funding, they also stress strategies of demand management and operational efficiency to extend the useful life of transportation facilities.

Maintenance Agreements

Agreements between governments for road maintenance and operation offer substantial savings in labor, equipment, and facilities. Existing agreements are widespread and varied, from joint purchasing and training to sharing equipment, co-locating facilities, and contracting with one another for activities such as ditching, lane striping, mowing, snow removal, and vehicle maintenance. Current agreements involve city, county and state maintenance operations.

House Bill 2001 (2009) directed ODOT to develop a six-year pilot program for contracting out for highway maintenance services. ODOT identified a 26.5 mile segment of OR 219, between Scholls and Woodburn, for the pilot program, advertised the procurement process, and entered into the contract development process with Eagle-Elsner, Inc. in June 2010. Eagle-Elsner, Inc. began providing the complete maintenance and operations of the pilot segment of OR 219 in December 2010. Specific tasks include road repair and maintenance, mowing, vegetation control, de-icing, and snow removal.

Road User Fees

The 2001 Legislative Assembly created a Road User Fee Task Force (RUFTF) with the passage of House Bill 3946. The measure directed the task force to study revenue options and recommend a replacement for the current road tax system. The Legislative Assembly created the RUFTF out of concern that the gas tax is a declining revenue source, especially over the long term, given fuel efficiency improvements and plug-in hybrid and electric vehicle usage. The task force developed the Oregon Mileage Fee concept as the most viable broad-based alternative to the gas tax. The concept integrated

a mileage-based fee with gasoline tax collections.

Oregon's year-long pilot test in the Portland area beginning in March 2006 demonstrated that an electronically collected mileage fee could be technically feasible and might also be an efficient system for replacing the gas tax as the principal way the state funds the road system. For the test, an on-vehicle device within the vehicles of 299 volunteer participants connected with the odometer to tally miles driven within predetermined geographic zones. This mileage data was transmitted wirelessly at the fuel pump to a central computer where the fee was applied. Motorists paid mileage fees, in lieu of the gas tax, with their gasoline purchase. The bulk of the pilot program – 75 percent – was financed through a six-year, \$2.1 million federal grant.

ODOT recently redesigned the mileage fee collection system in response to public comment. The new design features an *open technology platform* where motorists choose their method of reporting mileage traveled and, if desirable, on-vehicle technology—provided by third-party providers—and manner of invoicing and payment. This allows for charging plug-in electric vehicles that pay no gas tax and gives motorists choices for privacy protection and therefore increases the likelihood of public acceptance.

The Road User Fee Task Force was reappointed in 2010 as House Bill 2001 (2009) repealed the sunset of the task force, making it permanent.

Innovative Finance

The Legislative Assembly created the Oregon Innovative Partnerships Program (**OIPP**) in 2003 as an alternative procurement program to foster the development of public-private transportation projects both through solicitation of projects and responding to project proposals developed by the private sector or other units of government.

Through OIPP, ODOT can contract for private-sector services in transportation projects without the prescriptive conditions required by the regular government contracting requirements

with two exceptions (overtime and prevailing wage for construction). OIPP contracting flexibility allows ODOT and a private firm to share assets and risks.

Projects recently pursued under the authority of the Oregon Innovative Partnerships Program include:

- Outsourcing of maintenance for a section of OR 219;
- Three solar highway projects;
- Train set purchase;
- Electric vehicle charging network; and
- Three toll roads, one in Yamhill County and two in Clackamas County.

Continuing Issues and Challenges

Adequate Long-Term Funding for All Modes of Transportation: In 2012 and beyond, the transportation capital program will fall \$400 million below current levels. By 2015, the capital program will be reduced to minimal paving and bridge repair, as well as a handful of JTA projects. By 2012, ODOT will be paying about \$200 million a year out of the State Highway Fund for debt service for the OTIA and JTA programs, which will significantly constrain spending.

The federal surface transportation program invests well over half a billion dollars in Oregon highway and transit projects each year. However, because the federal gas tax has not been raised since 1993, the federal funding levels for the highways and transit programs is about \$15 billion more per year than the Highway Trust Fund takes in. ODOT has factored a reduction in federal highway funding of about 20 percent into our STIP.

Oregon also faces significant challenges in funding non-highway modes. Limitations on use of state and federal resources preclude investing in the rail system or in operating transit service. Governor Kitzhaber has appointed a Non-Roadway Transportation Funding Task Force to review potential revenue sources to meet needs in other modes of the transportation system.

Congestion: Over 50 percent of urban freeways in Oregon are considered congested. Traffic congestion causes millions of dollars worth of delays for motorists and trucks annually and contributes substantially to fuel consumption and air pollution. House Bill 2001 (2009) included provisions for a pilot program to study the efficacy of congestion price tolling; however, that mandate was repealed by the Legislative Assembly in 2011.

Freight: All modes of freight transportation have seen tremendous growth in the past 20 years, straining the capacity of port, highway, rail, and airport facilities. The 2011 Oregon Freight Plan projects an 88 percent increase in freight tonnage moving into, out of and within Oregon will place additional demands on the Oregon freight system. This number does not take into account the impact of “through” tonnage, which is also growing. As a comparison, the United States freight system is expecting a 93 percent increase in total tonnage between 2002 and 2035.

Traffic Safety: Oregon traffic safety laws are relatively strict, including special restrictions on teen drivers. When many states raised speed limits and relaxed motorcycle helmet requirements, Oregon retained them. A combination of laws, safer cars, better engineered roads, education, enforcement, and driver behavior helped reduce annual traffic fatalities from highs between 700 (late 1960s) and 500 (early 1990s) to 317 fatalities in 2010. Though this progress is notable, the death toll is tragic and preventable. The top three factors in fatal crashes are speeding, impairment from alcohol and/or drugs, and failure to wear a safety belt. The estimated economic impact of traffic fatalities in Oregon during 2010 was \$515 million; the estimated impact was \$1.03 billion for all traffic crashes (fatalities, injuries, and property damage).

Highway Patrol: Law enforcement is one of the keys to reducing loss of life and preventing the delays and costs attributed to traffic crashes. Patrol officers serve multiple roles such as sanctioning violators, responding to crash and crime scenes, and deterring law breakers by

raising the perceived chance of being ticketed. Of continuing concern is the reduction in numbers of State Police highway troopers due to increasing demands on the state General Fund. In addition, county sheriffs’ offices have reduced traffic patrol services due to the reductions in federal timber payments.

Planning, Environment, Public Involvement: Passage of environmental and land use laws in the 1970s and growth pressures over two decades have added new dimensions to highway planning. Additional time and resources are directed to environmental safeguards and decision-making, including planning, public involvement, and interagency coordination. Transportation agencies are required to balance numerous opposing interests and priorities.

House Bill 2001 (2009) includes a number of planning and environmental initiatives. This paper has touched on two above (STIP Stakeholder review of project selection criteria and the congestion pricing pilot program). Other initiatives include:

Least-Cost Planning - “Least-cost planning” is a process of comparing the direct and indirect costs of transportation demand and supply options to meet transportation goals, policies or both, where the intent of the process is to identify the most cost-effective mix of options. ODOT is working with stakeholders to develop a least-cost planning model for use as a decision-making tool.

Environmental Stewardship – ODOT is incorporating environmental performance standards into the design and construction of all state highway construction projects, including local government projects funded by the department. In addition, the department will continue to improve the environmental permitting process.

Efficient Fee Study - The Efficient Fee Study is an alternative approach to the biennial Highway Cost Allocation Study (HCAS). The HCAS was conducted in two ways: through the traditional approach and using an alternative, efficient fee approach. The Efficient Fee Study covers actual

costs that users impose on the highway system, such as highway replacement cost, traffic congestion cost and cost associated with greenhouse gas emissions. The Department of Administrative Services, Office of Economic Analysis, conducted the Efficient Fee Study in 2011 in addition to the traditional Highway Cost Allocation Study.

Greenhouse Gas Emission (GHG) Reduction Planning - GHG reduction planning is a major initiative involving state agencies and local governments. Through House Bill 2001 (2009) and Senate Bill 1059 (2010), the Oregon Legislature required the Land Conservation and Development Commission (LCDC) to develop GHG emission reduction targets for vehicles weighing less than 10,000 pounds (light vehicles) in all of Oregon's metropolitan areas. LCDC adopted the reduction targets in May 2011. The emission reduction targets for light vehicles will help Oregon achieve the statewide GHG emission reduction goals for all sources set by the Legislative Assembly for 2050. Metro, the metropolitan service district in the Portland area, has developed a range of land use and transportation scenarios that will achieve the goals for light vehicle emission reductions. Metro, in collaboration with local partners, will further design and evaluate the scenarios to incorporate goals and strategies from local and regional planning efforts. Metro will then select one preferred scenario and begin working with the local governments within its jurisdiction to amend land use and transportation plans.

Access Management: Controlling the number of points of access to a highway is a proven way to move high volumes of traffic safely and efficiently. Interstate highways are examples of access-controlled facilities. Many state highways, however, function simultaneously as principal through-ways and as streets handling local traffic for local trips. In many cases, efforts to increase flow through a city have reduced local livability. In other cases, local development approvals have attracted traffic that overwhelms an existing state highway or interchange and seriously impairs its function. Access management includes a range of activities aimed at balancing the need for access to

properties adjacent to a highway with efficient and safe traffic movement on the highway.

Senate Bill 1024 (2010) took the first steps toward improving the balance. The measure established criteria for requiring new approach permits for highway access when there are changes of use of the adjacent property and directed ODOT to adopt rules to lessen restrictions on access to highway segments that average 5,000 or fewer vehicles per day. It also directed the Department to work with stakeholders to develop legislation for access management and report to the Legislative Assembly by January 1, 2011.

Senate Bill 264 (2011), developed by the access management stakeholder committee convened by the Department, made significant policy changes to balance economic development needs in the decision-making processes with highway safety and operations. It placed the standards for the access management program in statute, including the standards for spacing between driveways, and allows closer spacing on lower-speed state highways. The measure also made a number of procedural changes in the access management process designed to reduce the number of permit applications that are required and the requirements that must be met by applicants when a permit application is required.

Senate Bill 264 also created an 11-member Access Management Oversight Task Force to monitor and oversee the Department's efforts to codify, clarify and bring consistency to its access management process and to implement the measure.

Deferred maintenance: ODOT periodically surveys pavement conditions on state-controlled highways. The 2010 survey results are shown below. Pavement conditions have improved slightly since the last rating was conducted in 2008. This is due to roughly \$100 million of new investment in pavement preservation projects on state highways as part of ARRA. This one-time funding boost addressed critical preservation needs on more than 600 miles of highway, or about three percent of the state highway network.

Pavement on Oregon roads has been rated as follows:

15%	Very Good
48%	Good
23%	Fair
12%	Poor
2%	Very Poor

Deferring maintenance on any type of facility creates higher costs in the long run. This is especially true for road pavements because the surface layer protects underlying layers from water and freeze damage, aging effects, and traffic loads. ODOT estimates that it costs three to five times more to bring a section of pavement rated “poor” to a “good” rating than to bring pavement in “fair” condition to a “good” rating.

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