Investing in communities:
Funding and transferring local highways to local control

Introduction

Across Oregon, street, road and highway ownership patterns reflect remnants of history rather than thoughtful planning for today’s communities. This leads to conflicting priorities for investment. State highways that look like city street or county roads (orphan highways) may be low priorities statewide for ODOT and receive little investment, yet they are critical to the success of local communities and important routes for cities or counties. The logical answer in this situation is to transfer jurisdictional responsibility so investment and priority align. Yet, in an era of inadequate transportation funding, the logical answer becomes difficult to implement. There is little motivation for a jurisdiction to take over ownership when it comes with more cost liability and no additional funding from the State Highway Fund.

Background

ODOT’s responsibilities for the transportation system in Oregon extend from the Interstate freeway system to routes of statewide significance and regional and district highways. The Interstate freeway system has a very logical connection between the high speed, high capacity character of the freeway and ODOT’s mission to provide connections between cities, regions and states. Routes classified as statewide significance are similarly high-grade and high importance. These are the routes most recognizable to Oregonians and include highways such as US 26, US 97, US 101, Hwy 99 and Hwy 22.

However, ODOT also has many miles of state highways classified as regional and district highway that do not provide a significant statewide function and appear to the average citizen as city streets or county roads. In many cases these highways do function as city streets or county roads of comparable importance to local communities as their locally owned routes. There are also limited instances of locally owned routes carrying a much higher burden of through traffic than a city or county would customarily be responsible for, and, based on their function, would be more appropriately the responsibility of ODOT.

Mismatched responsibility for roadways forces the jurisdiction that owns and operates the route to de-prioritize funding for upgrading the route and defer routine maintenance at a level that risks much higher future costs when the roadway fails. Under ODOT funding policies, ODOT assigns the highest priority use of limited resources to operating, maintaining and preserving the highway system (Fix-It). Upgrading and expanding the highway system (Enhance) is of secondary importance. Within these overall allocations, ODOT focuses the funding on routes of Interstate and statewide significance. As transportation funding becomes tighter and forces ODOT to focus available funds on higher priority Interstate and statewide routes, the condition of lower priority regional and district highways deteriorate the most. ODOT anticipates the pavement condition on the Interstate system to decline from 95% fair or better to 88% in the next decade. Statewide highways will decline from 85% to 72% and
regional and district highways will drop from 83% to 55%. With minimal resources to maintain the regional and district routes and many miles to maintain, the relatively low cost, high miles of rural maintenance get investment and the relatively high cost, low miles of urban maintenance get deferred. This compounds the problem.

The State Highway Fund is the most significant source of road funding for local jurisdictions. Oregon bases the formula to distribute State Highway Fund revenues on population for cities and registered vehicles for counties. Current distributions fall short of meeting city and county needs for existing roads, and it is prohibitive to take over ownership of additional road miles with increased financial liability, especially for a facility with a high degree of deferred maintenance.

However, the motivation between different jurisdictions is different. Generally, growing jurisdiction are interested in owning and controlling regional and district routes to reduce the challenges associated with new development that would otherwise be more complicated under ODOT’s jurisdiction. There is also growing wealth in growing communities and greater capacity to take on the added expenses of jurisdictional transfer. For communities without development there is less desire for local control and only increased cost liability of jurisdictional transfer.

![Figure 1: Determining candidates for jurisdictional transfer](image)

Figure 1 illustrates the difference in priorities between ODOT and local jurisdictions. While ODOT prioritizes the longer distance, higher speed routes of Interstate and Statewide significance to meet statewide needs, disinvestment in routes of Regional and District significance can impact the routes within an individual city or their most important street.
Past success

When funding was less of an issue, these types of jurisdictional transfers happened more easily. Examples of successful past transfers include:

- ODOT transferred Lafayette Avenue to the City of McMinnville in 1999. The city received $1.5 million from ODOT to upgrade the 1.5 mile roadway to city standards.

- ODOT transferred US 97 Greenwood Avenue to Romaine Village Way (3rd Street) to the City of Bend in 2003. The transfer resulted from the completion of the Bend Parkway project. The city benefited from the new Bend Parkway and gained control of development related access management policies on the transferred section.

- ODOT transferred Sandy Boulevard (MLK-99th) to the City of Portland in 2003 in exchange for $7.9 million in OTIA funds and a seven-year drainage maintenance commitment form ODOT. The Legislature made OTIA funds available to facilitate the transfer. The City used the funds to support redevelopment and growth within the Hollywood Town Center.

- ODOT transferred Boones Ferry Road (old Highway 217) to the City of Tualatin in 2002. The Legislature made $2.6 million in OTIA funds available to transfer these 2.6 miles of roadway.

Current situation

ODOT continues to engage in conversations about transfers today, however funding continues to be the biggest obstacle. Examples of current conversations about jurisdictional transfers include:

- ODOT and the City of Eugene have talked about transferring 5 miles of Hwy 99 to the City of Eugene. In exchange, ODOT would agree to take the Jefferson/Washington I-105 ramps and provide the City with $2 million. ODOT recently improved this section of Hwy 99, however, the section still needs $2 million in improvements from Jefferson to Prairie Dr.

- ODOT and Klamath County are considering exchanging four sections of state highway (22 miles in total) for the County Road Crescent Lake Cut-off (12 miles) that connects Hwy 58 and US 97. The four state highways are:
  - Dairy- Bonanza, Hwy 23 (6.9 miles)
  - Klamath Falls – Malin, Hwy 50 (10.5 miles)
  - Midland, Hwy 420 (4.3 miles)
  - Chiloquin, Hwy 422 (.2 miles)

The sticking point is the cost to bring the roads up to current standards and accounting for the cost of the total miles of road imbalance in the exchange.
• ODOT and Lane County are considering exchanging OR 200 (Territorial Highway) for Delta Highway. OR200, a rural farm to market road that the county sees as critical to rural economic growth for wineries, bicycling and other rural businesses. Delta Highway is an urban freeway much like other ODOT managed urban freeways. The cost to bring OR 200 up to standard is $25 to $40 million.

• ODOT and the City of Sutherlin are considering transferring the urban portion of Highway 138. Highway 138, east of I-5 is the main street of Sutherlin with ODOT’s jurisdiction ending part way through the city. The cost of bringing this segment up to standard is $2 to 4 million.

• The City of Tigard is interested in taking jurisdiction of OR 141 (Hall Blvd.). The primary barrier is funding to bring the roadway up to city standards.

• In the City of Portland, 82nd Ave was bypassed by I-205 30 years ago. Since then it has not served a statewide function and ODOT has engaged in recent conversation with the community and local legislators looking to make improvements to the corridor. Barriers to transferring this to the city include funding and a common vision for the corridor.

• In the City of Portland, Barbur Blvd. runs parallel to I-5 and serves SW Portland. Recent requests to reduce the number of travel lanes to better accommodate bicycles have prompted conversation about transferring the route. Funding is the major barrier.

• In the City of Portland, Powell Blvd is a key local route in East Portland. The section east of I-205 needs upgrades. The community has a vision for the corridor that has a high price tag and major right of way impacts. Discussions about a transfer to the City have bogged down over the cost of these improvements.

Conclusion

Jurisdictional transfers make sense when they meet the criteria and adequate funding exists. Transfers allow jurisdictions to more efficiently and effectively meet their objectives. However, the more meaningful impact is on Oregon communities. Investing in these highways provides an opportunity for the communities to grow in ways they want to grow. It also allows for key safety improvements and bicycle and pedestrian improvements that are better for the transportation system and health of the community.
Appendix A

What to Consider in a Transfer

Transferring to local government:

- The vehicle trips are local in nature
- A new state highway bypass has been built
- The highway is not needed for statewide connectivity
- Does not serve a statewide purpose
- Local government wants to make improvements to support economic development and livability objectives
- Local government wants to apply their standards/land use decision to promote their community (i.e. local control)

Transferring to ODOT:

- The route is very important for through travel
- The road is functionally part of an interchange
- The road serves a statewide purpose
- Traffic has changed overtime and it is now a significant route for through traffic
- The route is needed for statewide system connectivity
- The route is maintained more efficiently by the state (i.e. Major Bridge, Snow zone)
Appendix B

The basics of State Highway classification

Oregon’s state highway system provides for the safe and efficient movement of people and goods throughout the state and connections to neighboring states. The 1999 Oregon Highway Plan (OHP) places state highways into five categories, each with a different function and management objective. Higher order classifications are intended for longer distance through trips operating at higher speeds and ODOT prioritizes these for “Enhance” funding. Lower order classifications are intended for shorter distance local travel and access to adjacent properties. ODOT sees these as a low priority for ODOT funding (even funding for maintenance) and these are the candidates for jurisdictional transfer. According to the Oregon Highway Plan, the classifications are as follows (pages 41-42):

- **Interstate Highways** provide connections to major cities, regions of the state and other states. A secondary function in urban areas is to provide connections for regional trips within the metropolitan areas. Interstate Highways are major freight routes and their objective is to provide mobility. The management objective is to provide for safe and efficient high-speed continuous-flow operation in urban and rural areas. Interstates include I-5, I-84, I-205, and I-405.

- **Statewide Highways** typically provide inter-urban and inter-regional mobility and provide connections to large urban areas, ports, and major recreation areas that are not directly served by Interstate Highways. A secondary function is to provide connections for intra-urban and intra-regional trips. The management objective is to provide safe and efficient, high-speed, continuous-flow operation. In constrained and urban areas, interruptions to flow should be minimal. Examples of Statewide Highways include US 20 (Newport-Corvallis, Sisters-Ontario), OR 126 (Florence-Eugene-Madras) and US 395 (Washington-California state lines).

- **Regional Highways** typically provide connections and links to regional centers, Statewide or Interstate Highways, or economic or activity centers of regional significance. The management objective is to provide safe and efficient, high-speed, continuous-flow operation in rural areas and moderate to high-speed operations in urban and urbanizing areas. A secondary function is to serve land uses that connect to these highways. Examples of Regional Highways include OR 99W in Willamette Valley, OR 138 (Roseburg-US 97) and US 197 (The Dalles – US 97).

- **District Highways** are facilities of countywide significance and function largely as county and city arterials or collectors. They provide connections and links between small urbanized areas, rural centers and urban hubs, and also serve local access. The management objective is to provide for safe and efficient, moderate to high-speed continuous-flow operation in rural areas reflecting the surrounding environment and moderate to low-speed operation in urban and urbanizing areas for traffic flow and for pedestrian and bicycle movements. Examples of District Highways include Canyon Road (Portland-Beaverton), OR 66 (Ashland-Klamath Falls), and OR 216 (Tygh Valley-Grass Valley).
• Local Interest Roads function as local streets or arterials and serve little or no purpose for through traffic mobility. Some are frontage roads; some are not eligible for federal funding. Currently, these roads are District Highways or unclassified. The management objective is to provide for safe and efficient, low to moderate speed traffic flow and pedestrian and bicycle movements. ODOT will seek opportunities to transfer these roads to local jurisdictions.