



**SUBCOMMITTEE
MEETING #2
MINUTES**

**February 24th, 2015
12:30pm – 2:30pm**

**ODOT Headquarters,
Room 240
355 Capitol St. NE,
Salem OR 97301**

**Governor’s Transportation Vision Panel
Transportation Finance Subcommittee**

MEETING MINUTES, February 24th

Subcommittee Chair:

John Lattimer

Subcommittee Members:

Rep. Cliff Bentz

Rollie Wisbrock

Susan Morgan

Tom Potowsky (unavailable)

Panel Co-Chairs:

Gregg Kantor (by phone)

Larry Campbell

Panel Sponsor:

Karmen Fore

Facilitator:

Cheralynn Abbott

Resources and Support:

Sam Haffner

Travis Brouwer

Mac Lynde

Mary Stern (AOC)

Craig Honeyman

Topic 1: Introductions and overview of agenda

The meeting was called to order and the minutes and agenda were approved

Topic 2: Current State and Challenges: Local Programs, with Mac Lynde

The goal of Mac’s presentation is an overview of how local jurisdictions share federal funds. For a copy of this presentation, [click here](#).

- Federal funding cannot be turned over to local jurisdictions (cities, counties, MPOs) without oversight. ODOT has responsibility to ensure funds are used properly and meet regulatory guidelines
- ODOT shares about 30% of federal funds with local jurisdictions, totaling about \$140m
- We have agreements with FHWA and AOC/LOC on how these funds are transferred and overseen. Not all states have this.
- Fund Exchange is a win-win; ODOT can give state funds to local jurisdictions without strings attached in exchange for ODOT keeping federal funds that come with strings attached and ODOT is better positioned to manage.
- Current fund exchange is limited to about \$25 million per year
- STIP funds for 3 large MPOs are not fund exchanged, passed to jurisdictions, ODOT is still required to oversee these dollars
- Certified Agencies: some agencies with sufficient resources have become certified to deliver projects themselves; design selection, contract administration

Discussion

- Has ODOT ever looked at taking over all the highway projects in the state?
 - In the past, this was our model. We have shifted toward local control, now we looking to find a comfortable middle ground.
 - With fund exchange we have reduced administrative cost over many other states.
- What about North Carolina which has lower administrative costs?
 - When comparing administrative costs per road mile, you have to consider type of road. North Carolina owns higher percent local roads and small arterials, which have lower costs per mile than interstate.
 - There are also DOJ rules in Oregon that prevent local jurisdictions from owning their contracts.
- What has allowed California to be number one in the country on bridge upgrades?
 - Much of this is due to the scare from earthquakes
- Is the message getting to Washington and FHWA on the challenges faced in administering federally funded projects?
 - A current lack of state funding precludes the expansion of fund exchange. A unique challenge we have in this state is heavy reliance on federal funds.
 - Panel may want to make dialogue at the federal level among our recommendations. We also want to know the issues and concerns of other states

Topic 3: Funding needs from a county perspective, with Mary Stern (AOC)

Mary Stern gave an overview of the County Road Needs Study. For a link to the study, [click here](#).

- Based on current funding allocation, counties need a 50 cent increase in the gas tax, which we know is unrealistic
- Top priority is maintenance of existing roads- costs avoided by fixing before deterioration
- Counties have laid off existing staff, bridges are being weight restricted

Discussion:

- Is there anything out there that identifies where we want to be, rather than just what keeps us in the game? We need to look at the transportation system we *need* not just the system we can *afford*. This vision needs to be a vision for the *system*, not just *governance*.
- Shouldn't we be working to increase vehicle registration fees statewide rather than by county? Are the counties working together?
 - Yes, a statewide registration fee increase is proposed by the OTF in addition to a gas tax increase.
- In rural areas, a local increase in these fees is a drop in the bucket.
- The solution is not in tinkering with apportionment. We need to increase total revenue *and* untangle federal knots. We need to find ways to push for more revenue while acknowledging that there will always be jurisdictional challenges.

Overview of "king for a day" assignment Mary took to county road directors. For a copy of the handout, [click here](#)

- We need to look at roads more like utilities, which increase based on need
- Funding should be indexed so it increases with inflation and construction costs
- Expanding the fund exchange (covered by Mac)
- Enabling local option registration fee that does not have to go to voters
- Counties being able to charge utility fees for work in ROW like cities do
- Transferring county roads within cities. But roads must be brought up to city standards
- System development charges
- Softening the requirements on fish passage for culverts

Discussion:

- Is legislature able to index gas or road taxes? This is merely statutory, legislature could do this. OTF has submitted proposed legislation on indexing.
- Indexing concept is tied to the PUC concept. You would also need indexing to be above inflation or you would never catch up from existing shortfall
- Greg: PUCs are required to develop plans and then identify if these are the 'least cost plans.' We should remember that we are looking to fund a vision, not just fund what gets us by. However, different communities have different values and visions across the state for what the system should look like. It is important to have both a local and a state-wide version of the vision.

Topic 4: Funding needs from a city perspective, Craig Honeyman (LOC)

When you look across cities in the state, it is really hard to come up with a single vision, but it is one we need to continue to ask ourselves

Related to the PUC concept, the 2009 JTA did stipulate a 'least cost planning' process known as Mosaic.

- Link: <http://www.oregon.gov/ODOT/TD/TP/pages/lcp.aspx>

Craig shared a handout identifying local fees levied for transportation. For a copy, [click here](#).

He also shared a handout identifying local funding options. For a copy, [click here](#).

- 20 Oregon cities have adopted a local gas tax
- A handful of cities levy transportation utility fees

City perspectives on transportation funding:

- Jurisdictional transfer: aligning jurisdictional authority with type of facility. But jurisdiction needs asset in condition that is manageable along with needed revenue
- Sustainability of funding: gas tax needs to be indexed. The lack of this is part of why we are working on transportation package 6 years after the JTA
- Replacing the gas tax: this tax is dying and needs to be replaced with something more sustainable. VMT tax is intriguing but ultimately would need to be adopted across states

Discussion:

- Marion County works closely with its 20 cities. Is this the norm? Co-use of facilities is a key interest of the ACTs. This does happen quite a bit informally.

Topic 5: Wrap-up and Next Steps

Karmen, Gregg, and Larry are in the process of recommending to the new Governor that we continue the Vision Panel process. Panel members would like to see the new governor give explicit support of the Panel.

Future meeting topics and dates:

- Next meeting will explore comparison between states
- Next meeting should also bring in other stakeholders; truckers, car drivers, industries
- Future meetings should help us understand VMT programs, etc.

Travis shared an updated *draft work plan*.

- Next meeting will include an AASHTO representative to discuss state comparisons. Members want to know what the states that are in good shape are doing.
- Next meeting will also include representatives from AAA and OTA
- The meeting after next can include presenters on road user charges and tolling

Other future presenters and stakeholders:

- Transportation Finance would like to get a first pass from other committees on what their priorities are. Some information gathering is still needed from other subcommittees. Next week's Steering Committee can help us identify this.
- Group would also benefit from what funding ideas the OTF developed. There was a lot of funding concepts developed, but less work on how and how much.
- We know that wealth is coming to the State; do we need a better understanding of where this wealth is going? This can inform funding options.
 - Tom Potowsky might be able to help us work through these questions.
 - Talk over the years of less regressive taxing strategies such as *new* vehicle title fees
- John McCarle with town of Independence would be a good resource on funding pedestrian infrastructure
- We should include someone to talk about the bond market.
- Tech industries, forestry, and farming should be included as stakeholders

Action items:

Item:	Person(s) responsible:	Deadline:
Elicit funding priorities from other subcommittees	John Lattimer and support staff	Ongoing
Get explicit support and direction for the vision panel from the new governor	Karmen and co-chairs	ASAP
Share meeting minutes from ALL subcommittees, and copies of presentation materials	Sam	ASAP
Update work plan based on stakeholder discussion and line up future speakers	Sam and Travis	Ongoing