



Oregon

Tina Kotek, Governor

Oregon Transportation Commission

Office of the Director, MS 11

355 Capitol St NE

Salem, OR 97301-3871

DATE: March 5, 2024
TO: Oregon Transportation Commission

FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda Item P** – 2025-2027 Policy Option Package Overview and Approval

Requested Action:

Receive an informational presentation on the proposed policy option packages for the 2025-2027 biennium. Provide initial approval for policy option packages' inclusion in ODOT's Agency Request Budget.

Background:

This is the second of three presentations to the Oregon Transportation Commission about the Agency Request Budget (ARB) for the 2025-2027 biennium. The first presentation occurred during the January 2024 meeting and reviewed the process used to develop the ODOT budget and the role of the Commission in that process. The development of the ARB is governed by a set of instructions from the Department of Administrative Services and culminates in the submission of a formal, comprehensive ARB document at the end of August.

The presentation at this month's meeting will provide an overview of ODOT's proposed policy option packages (POPs) and seek the Commission's approval to include the POPs in the 2025-2027 ARB. These packages were developed by the agency to make targeted investments in programs and operations where they are justified, as projected revenue allows. This presentation will also include a high-level estimate of the anticipated State Highway Fund revenue shortfall within certain parts of the agency.

The commission will receive a final presentation during the June meeting, detailing the full scope of the 2025-2027 ARB (including final details of the POPs) and seeking final approval.

Outcomes:

If approved, proposed POPs will be included in ODOT's 2025-2027 ARB. The Commission may also offer guidance and direction on revenue shortfall package development in preparation for the final ARB presentation at the June OTC meeting.

Attachments:

- Attachment 01 – ODOT Proposed 2025-2027 Policy Option Packages

Summary of 2025-27 Proposed Policy Option Packages

The following Policy Option Packages (POPs) represent ODOT's proposed investments for the 2023-2025 biennium.

Interstate Bridge Replacement (IBR) Program

Estimated 2025-27 Cost: \$255.2 million OF; 21 Pos/13.83 FTE

Issue: The states of Oregon and Washington are working together to replace the aging I-5 Interstate Bridge with a modern, seismically resilient, multimodal structure that provides improved mobility for people, goods, and services well into the next century. Initial staffing was provided by the legislature during the 2022 session, and additional resources were authorized in ODOT's POP 100 for the 2023-25 biennium. The first projects in the program are expected to enter the construction phase during the 2025-27 biennium, which will necessitate new positions especially for contract management, community engagement, and financial oversight.

Proposed Solution: This POP requests additional positions for preconstruction and construction activities. This additional staff needed for the construction phase is anticipated to administer about 25 different construction contracts over a ten-to-fifteen-year period. Because of this long-term nature, permanent positions are requested so that we can offer employment stability for critical positions and retain experienced staff after the program is complete. These positions are part of the bi-state IBR staffing plan. This POP also requests authority to issue the second tranche of general obligation bonds, with debt service to be appropriated out of the General Fund.

Tolling Implementation

Estimated 2025-27 Cost: \$4.8 million OF; 17 Pos/15.50 FTE

Issue: In HB 2017 (2017), the legislature directed the Oregon Transportation Commission to pursue and implement tolling on I-5 and I-205 in the Portland metro region. This new source of funding is critical to maintaining and modernizing the existing highway system in the state. At present, there are three facilities planned for tolling: I-205 Abernethy Bridge, the new interstate bridge (IBR) between Oregon and Washington on I-5, and the Regional Mobility Pricing Project that proposes to toll all lanes of I-5 and I-205 in the Portland metropolitan area. The first of these facilities, I-205 Abernethy Bridge, is expected to go live in late 2026, and additional positions are needed to implement the tolling system, stand up toll operations, and resolve vehicle registration issues resulting from toll enforcement.

Proposed Solution: This POP is oriented around developing the key staff that will lead and manage operations. Most of these key resources need to be on board prior to launch to help guide, develop and implement system and business process design, and program functions to ensure operational success. Some positions will reside in the Oregon Toll Operations Office to coordinate daily program and operational functions, as well as ongoing toll system

projects/initiatives. Others will be matrixed to the Oregon Toll Operations Office to manage cost and revenue accounting, collections and compliance, and ongoing communications.

Public Transportation Division (PTD) Core Program Delivery

Estimated 2025-27 Cost: \$1.5 million OF; 6 Pos/5.50 FTE

Issue: Transit is critical to daily travel, for people with mobility needs, youth, lower-income residents as well as those who choose transit. In 2017, Oregon transit agencies received much-needed new and increased funding through a payroll tax authorized in HB 2017. This infusion of funds gave PTD the second largest Division budget in the Agency, and PTD has managed this \$465 million portfolio (87% of which is sub-awarded to external agencies) with only 48 staff. Additional positions are necessary to provide technical assistance to transit providers, ensure timely and accurate disbursement of transit funds, and deliver other critical PTD programs.

Proposed Solution: With PTD's increased revenue/budget (more than doubling in five years) the division needs more staff to deliver core responsibilities and provide partners and fund recipients with proper oversight and support. This request is for six permanent, full-time positions to directly support federal and state funding, active and public transportation program management, oversight and compliance of fund recipients and high speed and passenger rail service and initiatives, continuing to improve transportation options for Oregonians.

Rural Veterans Healthcare Transportation Program Resourcing

Estimated 2025-27 Cost: \$0.4 million LF; 1 Pos/0.88 FTE

Issue: The Rural Veterans Healthcare Transportation (RVHT) Grant Program was created by SB 5538 during the 2019 Oregon Legislative Session. The purpose of this program is to serve the transit-related needs of veterans living in rural areas, including access to physical, mental, and/or behavioral healthcare. During its 2021 session, Oregon's Legislature passed HB 2139, formally codifying the RVHT program in statute. The Oregon Department of Veterans' Affairs (ODVA) invited PTD to develop and implement RVHT via the state network of public transit providers. This popular and successful grant program is oversubscribed and in need of dedicated staffing.

Proposed Solution: This joint ODOT/ODVA proposal would increase the total biennial grant program from \$650,000 to \$800,000. It would also establish a permanent, dedicated Program Analyst 2 position to serve as program coordinator. The program is currently funded with Lottery Funds appropriated to ODVA and transferred to ODOT.

Real ID Staffing Surge

Estimated 2025-27 Cost: \$1.2 million OF; 26 Pos/6.50 FTE

Issue: Under the federal Real ID Act, individuals will be required to have a Real ID compliant license or ID card – or other acceptable document like a passport – by May 7, 2025, in order to pass through airport security and board domestic flights. As of the end of calendar year 2023, only about 25% of Oregonians with a DMV credential have a Real ID compliant driver license or ID card. A significant number of Oregon license and ID card holders will not naturally visit a DMV before the enforcement deadline because their renewal occurs after the enforcement deadline, which means that DMV is bracing for a surge in Real ID demand in field offices around the state.

Proposed Solution: DMV proposes to extend 26 limited-duration field office TSR1 positions (predicated upon legislative approval during Feb session) dedicated to Real ID issuance to help accommodate the surge of customers and help in preparation of the 2025 holiday travel season. The appointment system and new lobby queueing system will direct Real ID customers to specific Real ID counters at the field offices. DMV estimates that these 26 workers could complete approximately 65,000 license and ID card issuances in this six-month period. These positions would be spread across 17 of DMV's field offices, including 11 staff across seven Portland metro field offices as well as offices across Oregon's large and midsize cities. All regions of the state would get at least one additional employee to ensure broad reach.

Teen Driver Education Program

Estimated 2025-27 Cost: \$1.6 million OF

Issue: In recent years roadways in Oregon, including roads owned and operated by ODOT, have seen increasingly (in some instances historically) high rates of serious injury and fatality. Many of these fatalities are attributed to driver behavior, including driving under the influence, distracted driving/texting while driving, and speeding. These increased rates affect drivers as well as bicyclists, pedestrians, and other vulnerable users.

Proposed Solution: This is tied to a legislative concept that proposes to expand access for Oregon teens seeking an approved driver education course. Completing a driver education course dramatically reduces drivers' crash, citation, and suspension rate. The concept proposes changes to the maximum reimbursement rate per eligible student who completes an approved teen driver education course and increase the entities eligible for reimbursement, with a corresponding modest fee increase. A complementary POP is required to increase DMV's OF expenditure limitation to reimburse teen driver education providers at the higher rate.