

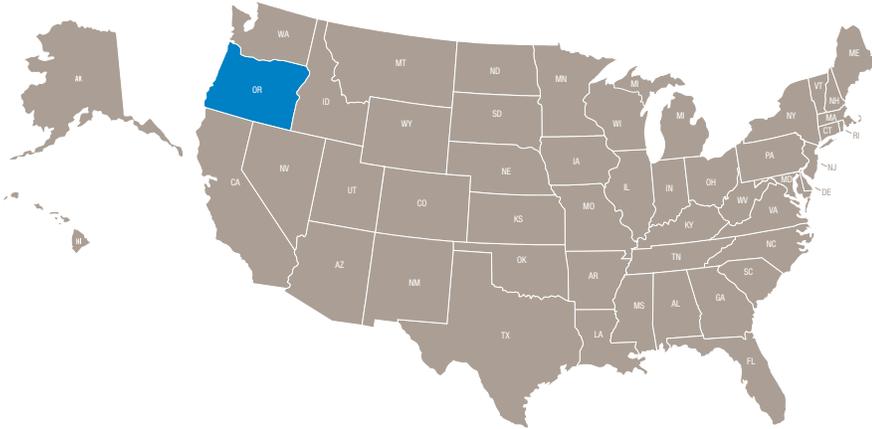


Smart Growth America
Making Neighborhoods Great Together

Oregon

Smart Transportation:
Save Money and Grow the Economy





Get Oregon Moving in the Right Direction

Save Money by Taking Better Care of What You Have

1. Maintain and repair existing roads and bridges

Grow the Economy by Making Your Transportation Investments More Strategic

2. Fund the biggest job creator: public transportation
3. Spark innovation and cost-savings through a competitive transportation solutions program
4. Revisit near-term spending decisions and long-term project selection process



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Smart Transportation: Save Money and Grow the Oregon Economy

Like the rest of the country, Oregon's state budget and economy face significant challenges. As Congressman Earl Blumenauer has stated, this is a "decade of decision" for Oregon and for America. These challenges create the opportunity and the imperative to revisit existing programs to ask if we're really getting everything we can from them.

Voters don't think the current approach is working. Polling in Oregon shows people are dissatisfied with the economy and believe the state is on the wrong track. People don't trust the state with their money. Only nine percent of Oregonians think the government spends money wisely, while 87 percent think the state does a fair or poor job.

Oregonians do think there is a better way. Seventy-one percent of Oregonians polled believe "now is the time for the state to invest in transportation because, if done right, these investments will create new jobs and attract new businesses." Voters are clear about their hopes for the state, and Smart Growth America has practical solutions to help make that vision a reality.

In the following pages we outline an innovative yet common sense approach to transportation spending that cuts costs, creates jobs, attracts businesses — and clearly shows that the state is responding to the fiscal and economic crisis with strong leadership that is not satisfied with a system that makes "fair or poor" use of taxpayer dollars.

The Need:

On its current path, Oregon's transportation system is on track to being highly expensive, uncompetitive and unsafe. Oregon has invested heavily in transportation, but reduced revenues and increased debt service will reduce the state's ability to maintain its facilities in a state of good repair.

Carrying on business as usual will result in a deteriorated road network, inadequate transit network, and a six- to ten-fold increase in repair costs resulting from continued neglect and deferred maintenance.

The Smart Solution:

Oregon is at a crossroads. While there is still a sizable gap between revenue and spending, this gap can be closed if the state makes strategic decisions about how to get the highest return on its investment. By making fiscally responsible choices about the state's transportation priorities, Oregon can not only save money and create jobs, but it can also help preserve the transportation system and make Oregon a more welcoming business climate on the mid- and long-term horizons.



1. Maintain and repair existing roads and bridges

Spending more on repair and maintenance is a good investment: it saves the state money, saves citizens money, is a superior job creator, and is very popular. According to the American Association of State Highway and Transportation Officials (AASHTO), every \$1 spent keeping a road in good condition avoids \$6-14 to rebuild one that has deteriorated. Poor roads add an average of \$335 to the annual cost of owning a car – in some cities an additional \$740 more – due to damaged tires and suspensions and reduced fuel efficiency.

The Oregon Transportation Plan, the state’s long-range transportation plan, includes a very strong preservation policy. As a result, the Oregon Department of Transportation (ODOT) put the vast majority of its federal stimulus dollars into preservation projects, and has prioritized preservation by zeroing out the state’s discretionary modernization program in 2014-2015. While Oregon has invested heavily in repair and maintenance in recent years, insufficient investment over the long-term has led to a backlog of roads and bridges in poor condition that would require \$66 million annually over the next 20 years to address.

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Oregon’s fiscally responsible transportation investment would be to fund, to the extent possible, the annual maintenance needed to keep the road and bridge system in a state of good repair. Currently, this would cost \$787 million per year.

We recognize that Oregon doesn’t have the revenue to fully fund that maintenance, but also that the state needs to invest strategically in new facilities to position Oregon for economic growth. That said, Smart Growth America recommends prioritizing system preservation because it will save Oregon taxpayers hundreds of millions of dollars while slowing the deterioration of roads and bridges. The investment in maintaining infrastructure will also pay off in job creation. Numerous studies find that maintenance and repair creates more jobs than new roads.

Annual Repair Costs for Road and Bridge Assets

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| ODOT Major Roads (lane miles) | 18,132 |
| ODOT Major Roads in “Poor” Condition (lane miles) | 860 |
| Deficient Bridges | 430 (6%) |
| Total Annual Road and Bridge Maintenance Cost for 20-Year Period | \$787,351,609 |
| Road and Bridge Repair Program | \$65,898,443 |
| Total Annual Maintenance and Repair Costs | \$853,250,051 |
| Actual ODOT Annual Spending on Maintenance and Repair (2004-2008) | \$429,634,783 |

56% of Oregonians believe fixing roads and bridges should be the top priority for the state (28% chose expanding transit and other choices; 16% chose expanding roads).

\$1 billion spent on fixing existing highways creates 16% more construction jobs than new road construction.

Most voters in Oregon – **60%** – believe that government has a duty to make sure that roads and bridges are safe and reliable.

2. Fund the biggest job creator: public transportation

Investments in public transportation create almost twice the jobs that highways do, help others get to their jobs, and attract private sector investment—creating still more jobs.

ODOT should invest strategically in public transportation, both in the Portland metropolitan area and throughout the rest of the state.

These strategic investments should include:

Shifting existing resources to restore service and hold the line on fares. To address budget shortfalls, transit agencies across the state have proposed both fare increases and service cuts that disproportionately impact low-income workers. Providing the necessary resources will enable low-income workers to get to their jobs and prevent the potential lay-off of transit workers.

Funding the timely build out of regional transit systems statewide. For example, in the Portland area, Tri-Met plans to:

- Build the “Total Transit System”: Enhance customer information, access to transit, stop amenities, frequency, reliability, passenger comfort, safety and security.
- Expand high-capacity transit: Invest in light rail, commuter rail, and streetcar service along key corridors to connect regional centers.
- Expand frequent service: Add to Tri-Met’s network of bus lines that run every 15 minutes or sooner.
- Improve local service: Work with local jurisdictions to improve transit service in specific local areas.

These investments will put transit at the forefront of growing the state’s economy – creating more jobs faster than any other public infrastructure investment. Other states have realized substantial returns on similar investment. For example, the Hudson-Bergen Light Rail line in New Jersey has attracted \$5.3 billion in development in the eight years since it opened; Dallas has seen more than \$4.2 billion in development at light rail station areas; and as you know, Portland has seen over \$4 billion in development adjacent to its Streetcar system.

Continue partnerships with local governments to implement public transportation initiatives.

Public transportation in Oregon is not just the purview of large metropolitan communities. The Portland State University Center for Transportation Studies found that Oregon’s rural transit providers are highly dependent upon local sources of operating funds, somewhat more so than rural operators in most other states. Improved rural transit service could enhance the quality of life for Oregon’s rural residents and contribute to the state’s economic well-being by facilitating travel to jobs and shops, access to medical services, volunteering, and other forms of participation in the community. The state should work aggressively to address the challenge of funding transit, particularly transit operations, with state resources.

Public Transportation is Popular in Oregon

Of Oregonians polled in late 2010:

76% said that when it comes to prioritizing transportation investments the most important factor should be “the number of jobs created in the long-term that would remain in your community.”

51% (and 68% of Democrats) said they would feel more positively about a governor who favored a plan that “provided more choices such as buses, carpools, light rail, van service, and commuter rail.”

62% said that “buses, carpools, light rail, van service, and commuter rail were a good or very good value for the cost.”

3. Spark innovation and cost-savings through a competitive transportation solutions program

There are a number of ways to solve transportation problems. While often leaders fall into the old standby of building large pieces of infrastructure, there are under-used alternatives to consider.

- System management—develop ramp metering, improved stoplight timing, better incident management, and improved local road network connections.
- Pricing—enact corridor pricing, parking cash-out, and pay-as-you-drive insurance.
- Better development—bring grocery stores to underserved areas and increase transit-oriented development.
- Demand management—encourage telecommuting, alternate work schedules, employee commute programs, and car and bike-sharing.
- Biking and walking—invest in connections that provide simple, low cost solutions for many of the short trips people take every day.

Among transportation professionals it is widely acknowledged that these techniques are quite often less expensive and more effective than either a road or a transit solution.

From the funding the state has available for new capacity, **the state could set aside a portion of its federal and state revenues for locations that want to pursue innovative, least-cost solutions to their transportation problems.**

Connect Oregon is a lottery-bond-based initiative that enables Oregon communities to put their best ideas forward. The state should fund an expanded fourth round of Connect Oregon and modify the project selection criteria so that the widest range of projects are eligible and are judged against criteria such as job creation, private sector investment, and other items that emphasize the highest return on investment.

Smart Victory: ODOT Flexible Funds Program

As an outcome of the 2009 Legislative Session, the Oregon Department of Transportation was asked to increase its investment in Non-Highway Transportation. In June 2010, the Oregon Transportation Commission (OTC) directed staff to develop a Flexible Funds Program and form an Advisory Committee to help develop criteria for the new program. The purpose statement, vision and criteria included in the Flexible Funds Program Application Instructions were developed with the assistance of the Advisory Committee and approved by the OTC in August 2010.

What is the focus of the new program?

The intent is to fund sustainable, non-highway transportation projects, programs and services that positively impact modal connectivity, the environment, mobility and access, livability, energy use and the overall operation of the transportation system.

Projects likely to be funded include transit; bicycle and pedestrian; transportation demand management; and the planning, research and project development that supports those projects, as well as related programs and services.

Projects should further support development of a multi-modal transportation system that is interconnected, safe, seamless and increasingly looks to non-highway solutions that are:

- Interconnected/multi-faceted
- Environmentally sensitive
- Sustainable
- Livable and accessible

4. Revisit near-term spending decisions and the long-term project selection process

Oregon's economy and transportation revenue situation demands that investment decisions made prior to the recession be revisited.

The capital spending proposed in the ODOT draft 2010-2013 State Transportation Improvement Program (STIP) is based on revenue forecasts of approximately \$1 billion annually, but the state of the economy and the uncertainty regarding federal transportation funding suggest that this forecast may be optimistic. Many projects in the STIP have spent years in the project development "pipeline" and you may find that their original purpose has either been forgotten, no longer applies, or does not meet today's need for higher return on investment. Revisiting these spending decisions will show Oregonians that the state's leadership is responding immediately to current economic and fiscal realities.

Operationally, this means ODOT should update its Long Range Transportation Plan and its four-year capital improvement program.

Re-evaluating near-term decisions to move those of highest value to the front can serve as the poster child for a broader initiative to bring greater transparency, performance and accountability to the project selection process.

Nationally, voters want more accountability from government and want government to make better use of the money it has. In Oregon, voters are skeptical of the state's ability to use its money well. To help address this credibility gap, the new administration should review the project selection process being developed for the 2012-2015 STIP with the Oregon Transportation Commission to ensure that projects are selected on the basis of the clear and transparent criteria envisioned in HB 2001 and other recent legislation. This would show that the new leadership is willing to break with past practices to get better returns on the money the government does have.

"It is of particular importance in these times of severe fiscal constraint that we invest scarce public resources more wisely and efficiently, in order to maximize the reach and impact of what we spend... Otherwise we will continue to get the same results: deteriorating infrastructure marked by unacceptable compromises to safety as well as worsening performance, especially growing congestion."

— *Bipartisan Policy Center's National Transportation Policy Project and the National Surface Transportation Infrastructure Financing Commission*

In 2009, McKinsey and Company conducted a study of potential investments in Metro Atlanta finding:

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| \$220 million invested in demand management | Would create \$40 billion in incremental benefits |
| \$26 billion in road investments | Would create \$40 billion in incremental benefits |
| Better coordination with development (deemed to be virtually cost free) | Would create \$39 billion in incremental benefits |



Smart Growth America advocates for people who want to live and work in great neighborhoods. We believe smart growth solutions support thriving businesses and jobs, provide more options for how people get around and make it more affordable to live near work and the grocery store. Our coalition works with communities to fight sprawl and save money. We are making America's neighborhoods great together.

Smart Growth America is the only national organization dedicated to researching, advocating for and leading coalitions to bring smart growth practices to more communities nationwide. Visit us online at www.smartgrowthamerica.org.

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