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TIME TO PARK THIS TRUCK
ODOT'S TOLLING PLAN - A RECIPE FOR DISASTER

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Oregon Department of Transportation's plan to encircle the Portland Metro area with tolls is a plan without a plan and fraught with perilous consequences that will negatively impact neighborhoods, communities and business districts with increased congestion, pollution, and safety issues.

The network of tolls may also become a financial disaster for the ODOT budget if, as experience has demonstrated around the country, the rosy revenue projections fail to materialize.

Tolling, or congestion pricing, is a proven tool to reduce congestion and improve freight mobility when developed in a strategic and targeted manner, but not as a source of generating revenue. As METRO reported to the Joint Committee on Transportation on May 27, 2021 after an extensive study, "Congestion pricing is not an effective way to generate revenue."

But that is precisely what ODOT is planning to do. Here is the objective as laid out by ODOT in September 2022 in a report to the Interim Committee on Transportation:

"The Regional Mobility Pricing Project would apply congestion pricing on all lanes of I-5 and I-205 in the Portland metro area to manage traffic congestion in a manner that will generate revenue for future transportation investments. The project area begins just south of the Columbia River and ends before the Boone Bridge over the Willamette River in Wilsonville."

ODOT's vision for tolling is unprecedented in the United States. Nowhere else in the country are all lanes of existing highway infrastructure tolled on two major interstate highways that carve through a major metropolitan city where many diversion offramps exist. In studying the Portland Metro area, METRO presented the committee with an extensive mapping analysis of the region showing that "volumes drop across the freeway network as drivers divert to arterials to avoid charge. Arterials near the freeways see a large increase in volumes." Even at that time METRO's analysis showed many streets would see an increase in volumes by more than 25% and many more up to 25%.

Shockingly, this seismic shift in transportation funding was never debated in the Oregon Legislatures' Joint Transportation Public Committee meetings before it was passed in 2017. Review of all committee meeting video confirms this. In fact, it was only referenced in brief pockets with no dialogue between the committee members and those making the references to challenge any of the assumptions.

Many are surprised to know that the current plan is not just tolling a few bridges, the **plan will exact a toll every mile that you travel on I-205 and I-5 in addition to the bridge tolls.**

The Oregon Legislature should hit the brakes and "Park This Truck" before irreparable damage is done to Oregon's transportation system and the people of Oregon.

THE ISSUES

DIVERSION: Will Harm Neighborhoods, Communities and Public Safety.

Tolls have historically been utilized to fund new infrastructure, most commonly in 'Express Lanes' to relieve congestion by charging drivers for bypassing the congestion, thus easing congestion on all lanes. ODOT's plan does not include any congestion-reducing express lanes. We could find nowhere else in the country where existing infrastructure on two major interstates dissecting a city, and where off-ramps into neighborhoods and business districts are in abundance, are blanketed with the number of tolls intended to be deployed by ODOT. ODOT's own documents acknowledge that diversion will occur. Congestion will be relieved on the tolled highway by creating congestion on city streets, neighborhood roads and shopping districts. bicycle and pedestrian safety, already a serious issue in Portland may be further degraded.

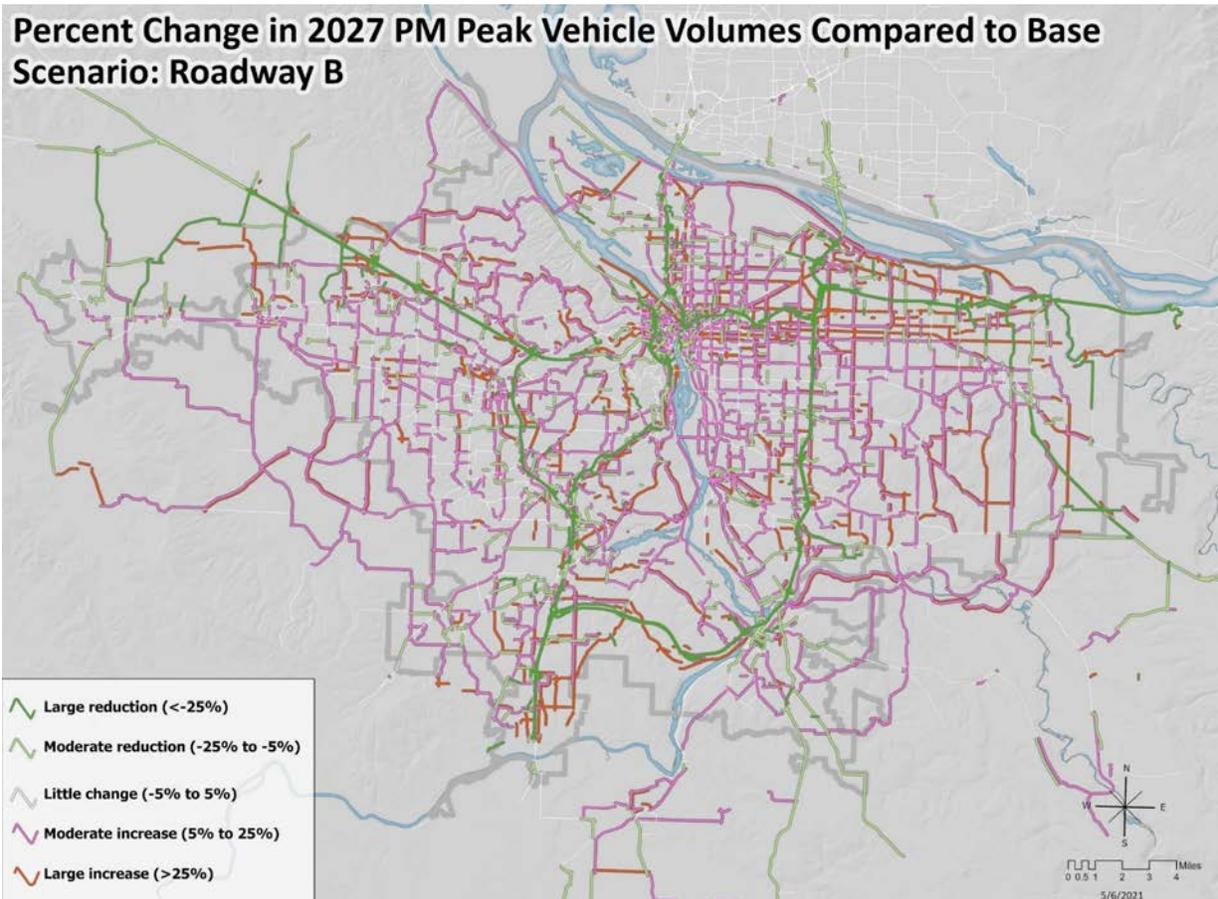
ODOT has not adequately addressed this issue. They simply say that they are aware that diversion will be an outcome but that they will work to mitigate the problem. Saying you will work on it is not a plan, much less a peer reviewed plan.

Significant diversion in the south metro region is a certainty, and likely to impact communities as far away as Canby as motorists leave I-5 to connect with Highway 213 to avoid the multiple tolls on I-205.

That tolls are being placed at all on I-205 south is in direct conflict with the stated objective by ODOT and by those supporting congestion and pollution relief. The issue of the efficacy of tolling was never debated in the public meetings of the Joint Committee of Transportation, and even references to it were scant. One of the few occurred on June 5th, 2017, when Michael Morrison testified that.

“One of the best ways to alleviate some of the congestion ...is to entice people out of their automobiles and onto passenger rail.”

Yet, there is no passenger rail, nor is their commuter bus service on I-205 between Gladstone and Tualatin. Placing multiple tolls on that stretch of I-205, when THE ONLY way to traverse the route is by automobile flies in the face of the stated objective to install those tolls in the first place to move people out of their cars and onto transit. With public transportation non-existent, installing tolls is inexcusable. The ultimate outcome is clear. With those tolls alone costing drivers as much as a few thousand dollars a year, many drivers will choose surface streets in Lake Oswego, West Linn, Tualatin, Oregon City and Canby. Congestion will indeed ease on I-205 because it will only be squeezed into adjacent communities.



Portland Metro Congestion Pricing Study | July 2021

Additionally, drivers heading to Portland or across the bridge in Washington will travel I-5 and bypass I-205 altogether. This will only exacerbate the congestion on I-5. Initiating a tolling plan piecemeal, rather than concurrently, as ODOT has outlined, is destined for disaster.

Again, these issues have either been ignored or given lip service by the agency. No detailed plan exists, and consequently we have no idea what the costs may be to adequately address the issue if it can be addressed at all. As tolls are multiplied throughout I-5, I-205, and likely later HWY 217, HWY 26 and others, the same diversions will occur, the same community degradation will be confronted with the attendant congestion, pollution, and safety concerns.

REVENUE PROJECTIONS ARE HIGHLY QUESTIONABLE:

Revenue projections for tolling projects across the country are fraught with rosy projections that failed to materialize. There are numerous instances where tolling authorities have gone bankrupt and others where states have had to kick in general fund dollars to pay debt service on bonds that were supposed to be paid with revenues from tolling operations.

In Seattle, the new SR99 toll road is already in the red, with utilization now projected to be as much as 30% less than forecast just a few years ago. The State Treasurer says that in the years ahead the debt is likely to grow to \$237 million. Transportation officials are already asking the legislature to help plug the red ink with general fund dollars, the dollars meant for schools, homelessness, and healthcare.

ODOT is being advised to provide “equity” pricing for lower income families by applying exemptions for the lowest income families and reductions of fees for families up to 400% of the poverty level. (In excess of \$111K a year in income.) ODOT has not shown any verifiable data on how many cars for every 100 cars that drive on I-205 south are driven by people who make up to \$111K a year and whom will be exempt from the tolls or pay a reduced rate.

How will ODOT identify those eligible for exemptions or reduced rates? Their own analysis suggests the easiest, least “costly” way to do this is to have drivers self-verify. In other words, you send an application to ODOT and promise that you don’t make enough money to afford tolls and they accept your word and give you an exemption. If you make a half million a year and simply say you are part of the working poor, there is no verification. An even more likely scenario is the retiree with \$3 million in their Schwab account, but they no longer work and thus their “income” is minimal. And if there is a verification process, how much would that reduce revenues with all the needed personnel.

And this implies ODOT will need to maintain a database on the income of each resident. Is this a public record? Can you FOIA this information?

ODOT can also expect government vehicles from state, local and special districts to ask the legislature to exempt them as well. Add in the drivers who will divert off 205 to neighborhood streets, how many cars will actually be left to carry the revenue load? Also, drivers who are occasional users of the highway and don’t carry a transponder will pay as much as twice the tolling fee for having their invoice processed through the mail and with the attendant employees necessary to prepare and collect those invoices.

Revenue projections are also significantly flawed when measured against the debt service that is expected to be required. Unfortunately, ODOT has been increasingly unreliable in forecasting the costs of major projects. Or, perhaps, looking at it another way they have been increasingly predictable at delivering large projects consistently 200% more than originally forecasted. A \$500 million project expected to be paid for by tolls creates a problem when the final price tag emerges at over a billion dollars. Here are recent examples:

- I-5 Interstate Bridge: 2020 cost estimate between \$3.2 billion and 4.8 billion. two years later the cost is estimated 56% higher at \$5 billion to 7.5 billion.
- I-5 Rose Quarter: original estimate in 2017 was \$450 million. Now it has been revised to \$1.45 billion.
- I-205 Abernethy bridge: 2018 estimate was \$248 million. Today, the project underway, the cost is now \$495 million.
- Newberg/Dundee was projected to cost \$222 million. Final tab was \$752 million.
- South Medford Interchange: estimated cost was \$30. Final tab was triple the amount at \$96 million.
- Woodburn interchange: projected cost was \$25 million. Final cost was \$68 million.

Once tolling is in place, tolling authorities raise tolls to try and make up the difference in cost but these attempts usually fail as more and more drivers leave the highway for other routes, reducing revenue further as has been noted in Seattle. And what about the cost of collection? Experiences across the country have been all over the map.

ODOT wants to engage in tolling primarily to maximize revenue. The environmental community wants to engage in tolling to mitigate congestion. They joined together in the passage of HB 2017 and HB 3055. Tolling can indeed reduce congestion on the tolled road. The reality is you don't have to levy very large tolls to achieve congestion relief if it wasn't for this dual mandate of relieving congestion AND maximizing revenue. Unfortunately, it may relieve it too much so that all that new infrastructure is actually being underutilized, begging the efficacy of building it in the first place, while increasing congestion and safety concerns on alternative routes.

Chris Hagerbaumer of the Oregon Environmental Council testified on June 5, 2017, in support of the transit investments embedded in the bill, but at the same time raised an issue that further brings into question using tolls as future management tools and revenue sources.

"There are other trends that are important to consider. Per capita miles are decreasing not increasing. PWC predicts the number of vehicles on the road will decrease from 245 million to (211 million) by 2025. But milder predictions say that traffic will drop by 10%"

Of course, this is a national prediction, and each locale will produce variances. But if baby boomers and millennials are going to create a permanent decrease in traffic what does that say about the investments we make today that will still be viable in the future.

Finally, before the State Treasurer prepares a bond for sale, he must submit it to independent analysis to determine whether it is secure enough to meet "investment grade". To do that, and with rating agencies all too familiar with the volatility of tolling revenue, the Department of Transportation will have to pledge "all other" revenues to ensure debt service is met. That means gas tax, weight-mile taxes, registration fees and title fees, federal grant funds, money otherwise directed to cities and counties and all other revenues that are expected to maintain the current system and provide money to cities and counties.

INEQUITY IN COST RESPONSIBILITY: Oregon law requires passenger vehicles and heavy trucks to share in cost responsibility in relation to their impact on the wear and tear of the system. Basically, cars pay gas tax and trucks pay a weight/mile tax. The ODOT tolling plan is to maximize revenue due to the degradation of gas tax revenues due to more efficient vehicles and the move to an all-electric system in the decades ahead. Yet, while passenger cars have been paying less and less each year for their use of the roadway, the weight/mile tax paid by trucks continues to climb threatening to upset the balance in cost responsibility. In the ODOT tolling plan heavy trucks, the ones that deliver goods and services to us all, are expected to pay a toll 400% or more of the passenger tolling rate. That means they will still be paying their equitable share of road use through a sustainable stream of revenue to ODOT in the form of weight/mile taxes but now would pay even more in tolls to make up for passenger cars not paying enough in gas taxes to uphold their share of cost responsibility. Those

costs will have to be passed on to consumers, already burdened by high inflation.

ADDITIONAL CONCERNS:

- a) Where are Portlanders and their leadership on ODOT plans to encircle their city with dozens of tolls to discourage drivers from coming into the city. Downtown Portland is already facing an office vacancy rate of 26.2% and city officials are trying to get people back to repopulate downtown. How does installing a garrison of tolls around the city help revitalization? And for those drivers who do come into the city, it is highly likely many will simply use PDOT infrastructure by diverting onto Hawthorne, Morrison, Sandy, or Capitol, Terwilliger or Barnes roads to name a few, causing congestion and increasing city maintenance costs.
- b) The public is outraged about this plan and cities across the region are speaking out aggressively against it as well. This poses the very real risk of having ODOT and our transportation system totally hamstrung through the initiative process that would effectively stop all tolling even in circumstances (like the I-5 bridge, targeted congestion pricing) where tolling makes sense.
- c) What happens if the south metro tolls are put into place and ODOT fails to get FHWA approval for other tolls, or the process is delayed for years. How will that impact traffic congestion especially on I-5.
- d) ODOT is vested in its plan and will not admit it has made many serious errors in moving the plan forward. Yet the plan does in fact risk the very sustainability of ODOT itself.
- e) Where is the accountability. It is the Legislature's job to hold the agency accountable and demand answers before handing it a blank check and risking other vital state needs.
- f) ODOT says the I-205 tolls about to be put in place will generate between \$16 and \$28 million per year. That is less than 1% of ODOT's budget. Is that worth the price of potential chaos in local communities and neighborhoods? Additionally, ODOT is receiving hundreds of millions more in federal funds than originally expected. There are also billions more in competitive grants from the federal government to fund projects just like these.

THEN HOW THE HECK DO WE PAY FOR ROADS? THEY ARE NOT FREE!

As much as some people want to insist that freeways are free, they are anything but. It takes money and lots of it. Oregon, like every other state is on a collision course with irreversible changes to our transportation system. Within a decade Oregon will be requiring that all new vehicles be electric. Within the next two decades the gas tax will go the way of the dinosaurs as a means for funding transportation infrastructure and maintenance.

Rather than encircling Portland/Metro, and likely later Eugene and Salem with tolls in an attempt to fund the entire state's future transportation needs, the Legislature needs to start now doing the hard work of reinventing how we fund transportation.

One method is to adopt a state-wide Vehicle Miles Travelled fee or VMT. This can be constructed to produce funds equal to the original gas tax. But it has political obstacles and takes time to construct and get public support. Another way is to recognize that transportation is a utility and treat it as such, especially with the move to an all-electric America. This could entail a transportation surcharge on electric bills. Again, this takes time to develop and gain political support.

The Governor, to her credit has a line in her current budget to have ODOT develop OReGo, a voluntary VMT now, into a mandatory program to fund the transportation world of the future.

There is about \$28 million a biennium in the metro region right now that could be deployed to fund transit and other transportation projects. DEQ's emissions testing system has been obsolete for years. DEQ's own data show that the newer generation of cars pass the test by over 99%. Yet drivers still have to get in their cars, contribute to congestion, sit idling in lines for no measurable benefit (and probably a net loss) to congestion and the environment. Washington State eliminated their program two years ago because they could no longer look

citizens in the eye and say it was necessary for air quality. The only reason the program is still intact in Oregon is for generating revenue and keeping workers employed. Why not tell residents we are cutting a deal with you. You continue to pay that \$25 fee, but you won't have to drive to the testing station, burning gas and causing congestion. That \$28 million, by the way, could generate about the same money ODOT plans to collect by tolling the lower portion of I-205.

There may be other ideas that, with sufficient research and analysis could evolve into the transportation funding mechanism of the not-too-distant future.

But using a band-aid approach, like tolling as a funding source, not only has all the pitfalls mentioned earlier, but delays the inevitable move to a sustainable system for Oregon.

If the Legislature doesn't hit the pause button now, it will take years and billions of dollars to dig out from under a flawed approach. Tolling has its place, but it must be strategic and targeted to achieve definable outcomes.

ODOT is hitting overdrive on a fundamentally flawed plan. It is time to Park This Truck before it is too late.