

## HOUSE COMMITTEE ON TRANSPORTATION

January 18, 1999 Hearing Room D

8:00 a.m. Tapes 3 - 4

**MEMBERS PRESENT:** Rep. Bob Montgomery, Chair

Rep. Richard Devlin

Rep. Jim Hill

Rep. Jeff Kropf

Rep. Jerry Krummel

Rep. Jane Lokan

Rep. Jackie Taylor

Rep. Vicki Walker

Rep. Larry Wells

**MEMBER EXCUSED:** Rep. Mike Lehman, Vice-Chair

**STAFF PRESENT:** Janet Adkins, Administrator

Brad Daniels, Administrative Support

**MEASURE/ISSUES HEARD:** Informational meeting about city transportation needs

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 3, A		

008	Chair Montgomery	Opens meeting at 8:05 a.m. Suggests a change in the normal meeting time to start at 8:30 a.m.
016	Rep. Wells	Agrees with the proposed change.
026	Rep. Walker	Also agrees with time change.
023	Chair Montgomery	Establishes 8:30 a.m. as the normal meeting time until otherwise indicated.
027	David Barenberg	League of Oregon Cities (LOC). Introduces Lou Ogden and Mark Yeager.
045	Lou Ogden	Mayor of Tualatin and chair of LOC's Transportation Committee. Thanks the committee for their efforts during the last session. Emphasizes the importance of transportation to the economy and infrastructure of cities. Acknowledges the catch-22 of growth: it is an expensive, but necessary attraction for new residents and businesses. Recognizes the partnership between cities, counties and the state to improve and maintain transportation.
084	Mark Yeager	City of Albany Principal Utilities Engineer. Introduces information about city road and bridge systems ( <b>EXHIBIT A</b> ).
095	Chair Montgomery	Asks if, by "miles," Yeager means lane miles or actual miles.
101	Yeager	Replies that statistics refer to actual street miles and do not take lanes into account. Emphasizes the rising number of miles cities are required to maintain, as well as the poor condition of many city streets.
118	Rep. Lokan	Asks if the lane miles of city streets are growing faster than county roads.
128	Yeager	Reiterates the speed of city growth in relation to other areas.
125	Rep. Lokan	Expresses skepticism toward Yeager's characterization of city growth based on observations in her district.
131	Barenberg	Cites data that shows a higher rate of growth in incorporated areas.
138	Rep. Lokan	Comments that urban areas do not have the same funding sources as cities, but may have the same transportation problems.
155	Yeager	Describes sources of maintenance funding for cities, stressing that local sources provide over 50% of required funding. Discusses the plethora of sources that Albany uses, but acknowledges the limitations on some sources. Outlines how the money is spent, the majority going to operation, maintenance and preservation.

184	Chair Montgomery	Asks if the numbers refer to Albany or all cities.
187	Yeager	Replies that statistics refer to the average costs for all cities. Moves on to Albany's specific situation, which is poor. Notes an approximate \$50-60 million current maintenance and preservation backlog, and explains that the miles of city streets have doubled but gas tax funding, in percentage, has declined. Displays a chart that emphasizes the funding decline while miles of streets and costs have increased ( <b>EXHIBIT A, pp. 7</b> ).
224	Rep. Wells	Asks if Albany is levying the maximum amount in System Development Charges (SDC) and what the reaction to these charges has been.
240	Yeager	Responds that Albany has recently imposed an SDCs. Describes the origin of this fee, its establishment and its progress. Discusses the effects of fees on new businesses.
256	Rep. Wells	Asks about the impact of SDCs on developers, the controversy surrounding SDCs and why Albany waited to establish an SDC.
265	Yeager	Explains the history of SDCs in Albany. Underscores the impact of developments on both interior streets and arterial or off-site streets, with the latter receiving SDC funding. Gives a general example of a residential development, describing how SDC is imposed and where the money goes.
295	Rep. Kropf	Refers to chart of street system funding ( <b>EXHIBIT A, pp. 7</b> ). Asks why funding decreased so dramatically from 1970 and 1980.
310	Yeager	Replies that the chart adjusts for inflation and city growth, both of which increased dramatically during the decade in question. Explains that real dollars were not decreasing, but their value was.
325	Rep. Kropf	Asks if chart uses the Consumer Price Index (CPI) and a growth rate index.
330	Yeager	Explains that the Construction Cost Index from the Engineering News Record was used as opposed to the CPI. Notes that growth rate is simply the growth in miles of city streets.
346	Rep. Krummel	Asks if there is a state-wide increase in traffic-impact or user fees.
350	Barenberg	Acknowledges increase in the use of SDCs, but emphasizes decrease in other sources of funding. Describes use of SDCs as a one-time fee for improvement.
370	Rep. Krummel	Asks if more cities turn to a street user fee as a source of funding.
385	Barenberg	Replies that various cities have adopted a street utility charge. Describes the

		charge's function.
415	Rep. Krummel	Inquires about the difficulty of attracting businesses due to the SDC.
425	Yeager	Reports that there is no diminishment in new businesses. Stresses parity throughout the state in the amounts that cities charge.
450	Rep. Krummel	Asks if cities issue SDC credits to local builders who construct their own roads.
<b>TAPE 4, A</b>		
033	Yeager	Explains that the SDC is usually for off-site improvements that builders would not construct, but agrees that, when feasible, credits are beneficial.
045	Rep. Kropf	Asks if Albany has analyzed the cost of work crews compared to the CPI or population growth.
050	Yeager	Replies that an analysis has not been done. Explains that contracted, as opposed to city, work crews are used for overlay and other work.
067	Rep. Lokan	Asks if residential SDCs are only imposed on new development or if they are imposed on a new home in an established area.
070	Yeager	Answers that an SDC is levied on any new property whether or not it occurs in a new or existing subdivision.
076	Rep. Lokan	Asks about the range of costs and the impact on the price of homes for the homebuyer.
082	Yeager	Responds that, in Albany, the cost to the homebuyer is around \$1300. Emphasizes that the SDC is not used for streets in front of new homes, but in the surrounding area that may need an extra improvements.
096	Rep. Devlin	Asks about origin of Albany's funding gap of \$1.9 million.
102	Yeager	Explains the origin of the \$1.9 million annual funding gap, which represents the amount of money, in addition to the current backlog, that Albany would need to run a proper street system. Indicates that the \$1.9 million figure is not part of the previously stated \$50 million backlog.
126	Rep. Devlin	Asks how much money the Associated Oregon Industries (AOI) proposal would generate for city of Albany.

133	Barenberg	Responds that the AOI proposal would generate around \$18 per capita.
140	Rep. Devlin	Asks for the population of Albany.
144	Yeager	States that the population of Albany is approximately 38,000 people and the funding increase would be from \$45 to \$63 per person.
148	Rep. Hill	Asks if SDCs go into a dedicated fund.
153	Yeager	Replies yes.
155	Rep. Hill	Asks if franchise fees go to a general or dedicated fund.
158	Yeager	Explains the history of franchise fees and the interaction between the street and general funds. Notes that, since Measure 5, an increased portion of the general fund has been allocated for streets, but expresses concern that the current money for transportation will be re-routed to meet the present general fund shortfall.
180	Rep. Hill	Questions whether or not one could argue that franchise fees go solely toward transportation needs.
183	Yeager	Explains the connection between franchise fees and utility damage.
197	Yeager	Emphasizes the variety of operation and maintenance tasks that face a city street system. Presents a breakdown of street maintenance funding. Describes street maintenance efficiency and the use of contracted services to perform specific maintenance tasks. Discusses the life cycle of streets; with proper maintenance, streets can last up to 60 years. Explains various factors that can shorten street life. States that streets quickly deteriorate in the last 25% of their lives.
268	Chair Montgomery	Asks if this description of a street's life cycle refers only to curbed streets.
270	Yeager	Responds that all properly drained streets, curbed or uncurbed, are included in these estimates. Emphasizes the expensiveness of reconstruction as opposed to preservation and maintenance, which are both a critical cost-saving strategies.
320	Yeager	Describes the status of current streets and the tremendous needs for reconstruction or overlay. Notes that current estimates for funding needs do not reflect modernization costs. Describes Annual Revenue Needs and the relationship between need and the total value of Albany's street system. Summarizes the major points of his discussion: inconsistency of funding, current backlog, and the need for investment in order to have a well-maintained street system.
350	Rep. Hill	Asks how revenue needs should be met by state and local governments.

362	Yeager	Refers to recommendations for a property tax increases, one of which passed in November 1998, as well as a number of other measures to increase funding. Concludes that Albany is trying to solve the problem on its own, but would appreciate state help as well.
409	Barenberg	Expresses LOC's support for the AOI proposal.
440	Rep. Hill	Asks what specific state contribution is expected and what the levels of participation should be for the state and local governments.
455	Ogden	Reiterates the cities' current contribution to funding needs and the essential role of SDC's in these efforts.
<b>TAPE 3, B</b>		
040	Ogden	Notes that local government's efforts coupled with AOI's proposal would be beneficial. Supports an increase in the gas tax.
050	Rep. Wells	Comments on the needs of cities and counties. Expresses the opinion that cities have been slow to deal with growth and the damage of utility work to city streets. Questions whether or not costs for utility damage are being adequately charged.
069	Barenberg	Emphasizes that cities have responded to growth as much as possible. Cites the political environment cities must face. Stresses the efforts of cities to meet their needs, including property taxes. Notes increased construction costs and their negative impact on funding efforts by the cities.
086	Chair Montgomery	Excuses Rep. Lehman.
090	Ogden	Notes Transportation Planning Rule's requirements for wider streets and its negative impact on costs.
102	Yeager	Refers to the unfavorable reaction to a local gas tax and the denial of two proposals for a gas tax by Albany voters. Responds to Rep. Wells' concern by emphasizing the five-year grace period during which utilities can not cut into streets.
130	Rep. Lokan	Inquires about further cost-saving recommendations that may have been mentioned in the recent Oregon Department of Transportation (ODOT) audit.
135	Barenberg	Replies that the audit did not address efficiency issues as much as how funds were being spent. Discusses efficiency efforts, one of which is an analysis of federal funding requirements. Notes presence of local transportation committee that works to solve problems.

171	Rep. Lokan	Asks about the possibility of improving access to federal funds and meeting federal requirements.
173	Barenberg	Answers that measures are in place to meet requirements, including partnerships with the federal regional director and ODOT.
195	Rep. Lokan	Expresses irritation with dangerous bike lanes. Questions why bike lanes are positioned in the middle of two lanes of traffic.
200	Ogden	Elaborates on the position of bike lanes.
218	Rep. Hill	Asks about the enforcement of the five-year limitation on utility work.
229	Yeager	Explains how five-year limitation may be overcome and what utilities must do to be in compliance with this requirement.
253	Rep. Devlin	Comments that SDC existed in Tualatin prior to 1984, and the user fee on utility bills originated in approximately 1987.
262	Rep. Taylor	Asks if cities are served well by the current funding and planning process.
290	Barenberg	<p>Notes that Statewide Transportation Improvement Program (STIP) planning process has worked well, but can be improved. Cites presence and importance of Area Commissions on Transportation (ACT).</p> <p>Explains the merits of AOI proposal and the 50/50 revenue split between ODOT and local governments. Describes the results of a recent survey: cities cited a \$75 million shortfall to meet current needs and, ideally, would like a couple of hundred million dollars for modernization. Stresses ubiquity of transportation problem.</p> <p>Commends the AOI proposal. Supports grants for small cities and hopes that these grants will continue to grow. Notes that the promise of federal dollars is often greater than the reality.</p>
340	Barenberg	
394	Barenberg	
460	Rep. Wells	Acknowledges difficulties faced by local governments.
<b>TAPE 4, B</b>		
040	Rep. Wells	Adjourns meeting at 9:30 a.m.

Brad Daniels, Janet Adkins,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A ñWritten Testimony, Mark Yeager, 15 pp.**