

A plan to fix Portland's roads (OPINION)



Mayor Charlie Hales and Commissioner Steve Novick, shown at a street fee town hall last year, have test-driven several ideas for funding street maintenance. The latest is a gas tax. *(Michael Lloyd/Staff, 2014)*



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By Robert McCullough

Ninety-six years ago, Oregon adopted the first gasoline tax in the United States. The tax was a whopping five cents per gallon. The tax was considerably higher in buying power than the 33 cents per gallon we pay today to the state of Oregon and to Multnomah County. Adjusted for inflation, our grandparents were paying almost 70 cents per gallon. Portland average family income was \$20,663 per year in today's dollars. Today, the average Portland family of four earns \$73,900, according to Portland's Housing Bureau.

And one other pivotal statistic: A year ago, gasoline prices in Portland were \$3.67 per gallon. Today, they are \$2.50 per gallon. The decline in oil prices has been even greater, but due to the limited competition in West Coast gasoline markets, only part of the reduction has reached the consumer.

So how did the transportation hub of Oregon and Washington get such bad roads? Stripped of the rhetoric, Portland's streets are the moral equivalent of the back yard shed you never get around to repainting. There is always something with a priority higher than a well-maintained backyard shed. After all, the neighbors can't see it and the gardening tools don't complain.

Funding sources for the streets have been removed by many different city commissioners. The utility franchise fee, once dedicated to the purpose, has been siphoned away over time. Simultaneously, the City Council has expanded Portland Bureau of Transportation's mission to include various forms of mass transit and active transportation. These are worthy missions, but promises made without funding to

support them are mere political rhetoric.

Many Portland residents are not aware of the role Portland has in rail, water and highway transportation. Multnomah County has registrations for over 106,000 heavy trucks. In Portland, almost half of the fuel consumed is diesel — the fuel of choice for heavy trucks, rail, buses and construction equipment, all of which are, themselves, the principal sources of road wear.

The City Club report released recently endorsed a gasoline and diesel tax for meeting some of the needed street repairs. The report was well written and well researched. It met some of the gaps in last year's ill-fated collection of ad hoc funding mechanisms and planned expenditures.

An informal survey in Southeast Portland showed strong support for an increase in the gasoline tax between 10 and 20 cents per gallon. The comments in the survey — usually more important than the survey itself — showed concern about the actual commitment to fixing the streets at City Hall. Many felt that the tax would be siphoned off — as previous funding sources had been — to pet projects of the reigning commissioners.

If street repair was paid for by a special purpose bond, the use of the funds is taken out of the next City Council's hands. Bonds are subject to indentures — a contract between borrowers and lenders; a bond whose proceeds were earmarked for street repair and whose repayment was guaranteed by a 10-cent to 20-cent gasoline and diesel tax is effectively outside the control of the next commissioner to inherit Portland's Bureau of Transportation.

The windfall to consumers from the decline in the world price of oil is over a dollar per gallon. It makes sense to use a fraction of that windfall to repair the streets that vehicles need to use the fuel.

The advantages of financing such a street repair program in the near future are significant. First, this would provide a significant impact on the overall problem — not a series of day-to-day patches. Second, interest rates are low. Third, the indenture would provide significant protections against the magpie-like instincts of future commissioners.

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