

# Council Study Session

December 2, 2019

<b>Agenda Item</b>	Consideration for the Development of a Memorandum of Understanding with ODOT for the Jurisdictional Transfer of a Portion of OR99 Otherwise Known as E Main Street and Lithia Way	
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<b>Item Type</b>	Requested by Council <input type="checkbox"/> Update <input type="checkbox"/> Request for Direction <input checked="" type="checkbox"/> Presentation <input type="checkbox"/>	

## **SUMMARY**

Ashland's downtown core is bounded by the E. Main Street/Lithia Way couplet. This roadway section is under the responsibility and functional control of the Oregon Department of Transportation (ODOT) and is known locally as OR99; a District Level Highway, Rogue Valley Highway 063. There are inherent advantages and disadvantages for highway/roadway ownership based on current condition and operational maintenance requirements.

The City's current ODOT Transportation Growth Management (TGM) grant "*Revitalize Downtown Ashland*" is intended to result in a prioritized list of fundable projects.

Should the City continue toward jurisdictional transfer, there will be more flexibility to include City urban downtown standards for the resulting projects.

This discussion is meant to provide Council with a preview of expectations of the benefits and fiscal responsibilities of moving toward a jurisdictional transfer with ODOT. The goal of this initial step is to memorialize the intent to work toward a full disclosure of all the pros and cons of jurisdictional transfer by developing a Memorandum of Understanding (MOU) between ODOT and the City. The MOU will come to Council for approval at a later date. Staff has made it clear to ODOT that the City is not interested in taking responsibility for the bridge and culvert for the sections over Ashland Creek.



## **POLICIES, PLANS & GOALS SUPPORTED**

City Council Goals (supported by this project):

- Maintain Essential Services
- Continue to leverage resources to develop and/or enhance Value Services: Emergency Preparedness

CEAP Goals:

1. Reduce Ashland's contribution to global carbon pollution by reducing greenhouse gas emissions associated with City, residential, commercial, and industrial activities.
2. Prepare the city's communities, systems, and resources to be more resilient to climate change impacts.

Strategic Initiatives:

- Maximize conservation of water and energy.
- Support climate-friendly land use and management.

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

**BACKGROUND AND ADDITIONAL INFORMATION**

The City has taken jurisdiction of portions of OR99 in the past. The 2001 Oregon Transportation Initiative Act Agreement approved the Siskiyou Boulevard at Lithia Way and E. Main Street Project (OTIA) for Ashland. When the City completed the renovation of Siskiyou Boulevard in 2003, the portion of Siskiyou from the extension of 4<sup>th</sup> Street to Indiana Street intersection of Ashland Street was transferred to the City. Likewise, in 2003, the City accepted jurisdiction of Ashland Street from Siskiyou Boulevard to Faith Street (MP 0.00 to MP 0.76) with the completion of an ODOT Access Management Grant for pedestrian safety and access improvements project.

The major reason for transferring a state highway to a local jurisdiction is that the road serves primarily local interests and is not specifically required to serve state interests. The 1999 Oregon Highway Plan in Policy 2C says that the state should “consider, in cooperation with local jurisdictions, jurisdictional transfers that:

- rationalize and simplify the management responsibilities along a roadway segment or corridor;
- reflect the appropriate functional classification of a roadway segment or corridor; and/or
- lead to increased efficiencies in the operation and maintenance of a particular roadway segment or corridor.”

There are several reasons to consider transferring an ODOT highway segment to a local jurisdiction:

- On a District Highway the vehicle trips are mostly local in nature—for local business and recreation—and not an essential link needed to maintain continuity in the highway system.
- A state highway bypasses a city (as I-5 does in Ashland’s case), and the route through the city is no longer needed as part of the state’s primary system. In this case, E. Main Street / Lithia Way couplet is classified as a Statewide Highway or Urban Principal Arterial. ODOT may require that the City preserve the function of a state highway for emergency or bypass routing. That determination and decision would be a part of the final negotiation.
- Having only one governmental agency (the City) managing transportation, land use and access management decisions on a District Highway might result in greater efficiency and community responsiveness. This would allow the City to establish standards that might contradict ODOT (ie: lower speeds, signalization, more access, narrower travel lanes, wider sidewalks, etc).
- The City may wish to make improvements, permit accesses or maintain the District Highway in a way that ODOT cannot do or is not willing to do. The City may want to emphasize urban standards or apply a service level that ODOT would not address because the state places a different priority on that road.
- The trade will save ODOT money for signal power and maintenance, as well as plowing, sanding and other maintenance work, and it may be more efficient and timelier for the local government to provide these services. Many of these services are provided by the City (plowing, sanding and other maintenance) if the state is focused on I-5.
- The highway is not needed for statewide or regional system connectivity. However, ODOT may require use of the City’s road be maintained for emergency or alternate access.
- A transfer to the City may allow the City to maintain the road more often and to use alternative funding options in order to do so. The City will need to evaluate the cost for this additional maintenance requirement so that such a transfer does not over burden the local budget.

One primary factor facing the City that leans toward jurisdictional exchange is that the City will likely want to make improvements to the downtown core as a result of “*Revitalize Downtown Ashland*.” Some of the projects and outcomes of the downtown revitalization may not be as conducive to the State’s needs for traffic functionality and levels of service for a district level highway. ODOT has accommodated many of the City’s desires for differing maintenance and operational standards and has been accommodating of Ashland’s urban downtown design standards for better City functionality and facilities. However, as the City continues to push for greater flexibility with urban functionality and urban design, the option of jurisdictional transfer with funds from ODOT may benefit both agencies. The desired outcome of the City’s current TGM grant “*Revitalize Downtown Ashland*” will result in a prioritized list of fundable projects. Should the City continue toward jurisdictional transfer, there will be greater flexibility for City urban downtown standards for the resulting projects.

### **FISCAL IMPACTS**

A jurisdictional transfer often hinges on how the parties estimate the total value of a transfer so that the agreement is acceptable to the City Council as well as the Oregon Transportation Commission (OTC). Jurisdictional transfer agreements should be included in the Statewide Transportation Improvement Program, and or biennial budget and must be approved by the OTC and City Council.

In order to determine the terms of a fair jurisdictional transfer, the first step is to estimate the value of the road and assets involved in the exchange. There are two distinct parts to the value of a road--the measurable economic value and the “other” difficult-to-measure value of enabling more urban standards.

Economic value of the roadway and appurtenances over a given time period can be estimated and used as the discussion baseline for the financial analysis associated with jurisdictional transfer. The expected cost of items like future road improvements, signal rehabilitation, the fair market value of contributed assets, and anticipated maintenance costs are put into a financial model. The net present value of expected expenditures (future inflated costs discounted to present day dollars) is calculated.

However, the total value of a road is not necessarily captured by financial analysis alone. There may be value beyond what is estimated in the model, but this form of value is challenging to place a dollar value on. This part of the estimated value is usually a part of the negotiation process to determine a fair agreement. Not all potential benefits can be accounted for with a true cost-savings yet may be a significant benefit to the City. What planning, access management, preservation, operations, and/or maintenance costs would be saved in the transfer? What costs would be incurred in the transfer? Will any inducement funding be involved? If the ODOT or local government representatives determine they need greater contributed assets from the other party before agreeing to the proposed jurisdictional trade, they may negotiate for contributions above and beyond those defined in the financial analyses.

Both parties should discuss cost savings through potential money transfer instead of actually upgrading the road before transfer, especially if different standards may apply. The goal is to achieve a fair value for the transfer for both the City and ODOT.

Should the City take jurisdiction of the road way, long term maintenance will be a part of the City’s responsibility. This includes snow removal, de-icing strategies, patching, paving, street markings, etc. Some of these activities the City has already had all or shared responsibilities and others will require dedicated funding from both the jurisdictional transfer funding and long-term maintenance funds.

There will be several items the City and ODOT will need to negotiate to ensure a fair transfer.

- A starting point is often to calculate the costs to bring the road system up to City standards with City desired improvements to include safety and ADA requirements, bringing pedestrian lighting to City standards, include necessary drainage improvements.
- Maintenance costs over the next 20 years should be calculated and included in the negotiations.

- Will signals be maintained by ODOT as they are now – if ODOT is still going to maintain the signals for the City, a separate intergovernmental agreement should be prepared to address this. The City currently has an agreement for ODOT signal maintenance.
- The City expects the new signal that ODOT scoped for Water Street still be ODOT's responsibility and needs to be memorialized in the agreement.
- The City expects ODOT to retain the bridge and culvert on both E. Main and Lithia Way. That must be included in the agreement.
- Is there or should there be a process to define and complete bridge repairs in the future?
- Are there future restrictions/requirements on the road system that ODOT will require of the City?

### **DISCUSSION QUESTIONS**

1. Would the Council direct staff to continue with negotiations with ODOT?
2. Is a potential jurisdictional transfer not up for consideration?
3. The MOU that will be crafted is intended to discuss the pros and cons for both the City and ODOT as well as define the financial implications to both agencies. Are there other specific items Council wishes to have addressed in the MOU?
4. What are the impacts to future projects should the council determine that jurisdictional transfer is not in the best interest of the City?
5. Other?

### **SUGGESTED NEXT STEPS**

Staff is recommending that the City continue to pursue a MOU to move toward jurisdictional transfer of a portion of OR99 otherwise known as E Main Street and Lithia Way. Staff would bring back the MOU and would then work toward a mutual agreement for the final jurisdictional transfer agreement that would outline funding and timing for the City and any restrictions for both the City and ODOT.

### **REFERENCES & ATTACHMENTS**

N/A