A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232-2736
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METRO

JOINT MEETING: **JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION & METRO POLICY ADVISORY COMMITTEE**

DATE: **May 24, 2007**

TIME: **7:30 A.M.**

PLACE: **Council Chambers, Metro Regional Center**

7:30 AM	1.		**CALL TO ORDER AND DECLARATION OF A QUORUM**	**Rex Burkholder, Chair**
7:35 AM	2.	*	**INTRODUCTIONS AND COMMENTS FROM CHAIRS** • Why it's important for MPAC and JPACT to meet jointly on the RTP • What has led up to this meeting and how this meeting will inform future discussions and action	**Chairs: Mayor David Fuller, MPAC and Councilor Rex Burkholder**
7:40 AM	3.		**CITIZEN COMMUNICATIONS**	
	4.		**INFORMATION ITEMS**	
7:45 AM	4.1	#	**NEW LOOK / RTP SCHEDULE** • Describe relationship of New Look activities and expanded RTP schedule • Highlight distinction between Federal and State components of RTP	**Robin McArthur**
7:55 AM	4.2	**	**STATE AND REGIONAL MOBILITY INVESTMENT PRIORITIES IDENTIFIED BY FREIGHT TASK FORCE, MPAC AND JPACT** • Review mobility map, identify purpose of investments, and highlight similarities and differences among committee recommendations • Highlight issues, priorities to resolve and next steps.	**Tom Kloster**
8:05 AM	4.3	*	**TRANSPORTATION FINANCE AND THE 2035 RTP** • Overview of federal, state, local financial issues • Discussion of choices and trade-offs to resolve finance issues	**Andy Cotugno** **Mike Jordan**
8:55 AM	4.4		**THANK YOU AND NEXT STEPS**	**Chairs: Burkholder and Mayor Fuller**
9:00 AM	5.		**ADJOURN**	

* Material available electronically.
** Material to be emailed at a later date.
# Material provided at meeting.
All material will be available at the meeting.

For agenda and schedule information, call Jazzmin Reece at 503-797-1916. e-mail: reecej@metro.dst.or.us
To check on closure or cancellations during inclement weather please call 503-797-1700.

REGIONAL SERVICES

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METRO

May 16, 2007

Dear JPACT and MPAC members,

We urge you to accept this invitation to attend a special joint MPAC/JPACT meeting on May 24, 2007, from 7:30 to 9 a.m. in the Metro Council Chambers. The meeting will provide a forum for you to confirm state and regional mobility investment priorities for the 2035 Regional Transportation Plan (RTP), and begin a discussion of how to fund the region's transportation needs.

We cannot stress enough the importance of your participation in these discussions.

Because of this special joint meeting, the May 23rd MPAC meeting will be canceled.

This meeting is significant for two reasons:

1. This is your chance to revisit the investment priorities discussion that each committee held separately in April. Not surprisingly, given the differing focus of JPACT and MPAC, the priorities identified were quite different. Together, the two committees will review and confirm the results of all the discussions -- most recently the Metropolitan Mobility Workshop -- which included joint work by TPAC and MTAC with other local agency staff.

2. This is also your opportunity to discuss what projects should be funded over the next 30 years, how money is allocated between maintenance and modernization, to which growth areas it should be targeted, and also where we will get the money to pay for all of this. Your input will be used to size the preferred system and guide efforts to fund it.

The 2035 RTP update is a major undertaking for the metro region. With about a million more people expected to live here in the next 25 years, we face an urgent need to develop and fund a transportation system that supports our economy, protects our natural resources and connects our communities to one another and the larger world.

Please RSVP by Monday, May 21 to Kim Bardes at (503) 797-1537 or bardes@metro.dst.or.us. An agenda and additional materials will be sent to you in advance of the meeting.

Sincerely,

Rex Burkholder
Metro Councilor, District 5
JPACT Chair

David Fuller
Mayor, Wood Village
MPAC Chair

M E M O R A N D U M
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METRO

DATE: May 16, 2007

TO: JPACT and MPAC Members and Interested Parties

FROM: Andrew C. Cotugno

SUBJECT: Transportation Finance Policy Issues Affecting the 2035 Regional Transportation Plan (RTP)

****

Purpose/Objective:
The objectives of this agenda item are to:

- Begin a series of policy discussions on how to fund the region's transportation needs.
- Develop a common understanding among JPACT and MPAC members on transportation finance issues and tradeoffs affecting the 2035 Regional Transportation Plan (RTP).

Action Requested/Outcome:
MPAC and JPACT members will be asked to:

- Begin discussion of financial realities and tradeoffs described in this memo.
- Provide suggestions on how to integrate MPAC/JPACT discussions on approaches to funding the 2035 RTP.

Background and context
The intent of the May 24 joint meeting is to set the stage for a comprehensive deliberation over the next several months on how to approach funding the 2035 RTP and, therefore, how much expansion to the transportation system the region can afford to include in the plan. The purpose of this memo is to describe the basic federal and state requirements and frame key transportation finance issues and choices on how the region could proceed to address these issues. Discussion of key finance issues and choices will continue over the next several months to meet federal and state requirements for the 2035 RTP.

Federal RTP Requirements:
A fundamental federal requirement is that the RTP be based upon revenue levels that can reasonably be expected to be available, taking into consideration the need to use a portion of transportation revenues to "adequately" maintain and operate the transportation system. It is a local choice to determine what constitutes "reasonably available revenues" and to what standard should the system be "adequately" maintained.

To meet this requirement, regions across the country have essentially followed one of two possible paths:

- Forecast future revenues including increases in revenue sources (such as gas tax increases, System Development Fee (SDC) increases, etc.) based upon what the demonstrated track record is for raising these revenue sources.

- Develop a funding strategy that identifies proposed new funding sources with reasonable evidence that successful implementation of the strategy is possible. Evidence could include such actions as commitments from key elected officials or elected decision-making bodies or surveys that show public support for the proposed action.

State RTP Requirements:
The fundamental state requirement for the RTP is to develop a plan that adequately serves the land use plan of the jurisdiction that is supported by a financing strategy. The RTP that satisfies state requirements will clearly be larger than the RTP that satisfies federal requirements because the result of applying the federal financial constraint limitation is a very minimalist RTP, clearly insufficient to serve adopted land uses. In addition, the region (in the RTP) and local governments (in local transportation system plans) must have a financing strategy that supports implementation of the plan.

RTP Financing Issues and Choices to Consider:
To complete the 2035 RTP update, it is important for JPACT and MPAC to understand the various transportation funding sources and how these sources are now being spent, to understand the potential magnitude for increases in these funding sources and to decide whether to develop an action plan to follow through on raising these revenue sources. If there is a desire to develop a funding strategy, there is a need to make fundamental choices between funding approaches that maintain, operate and preserve the system that is already in place vs. funding approaches to expand and modernize the system. Similarly, there is a need to identify which federal vs. state vs. regional vs. local sources to pursue to fund which part of the transportation system needs.

1. **FINANCIALLY CONSTRAINED RTP (Federal requirement)**
   The basic federal requirement is to size the transportation plan to the level of funding resources that can reasonably be expected to be available. Certain funding sources are committed for certain purposes (such as the payroll tax for transit and SDCs for city/county capital improvements to serve growth). These sources need to be recognized in the RTP tied to these purposes.

   Other funding sources are flexible (particularly the federal flexible funds) and can be included for various purposes. In the final analysis, decisions are needed on which projects are included in the RTP, considering both dedicated funds and flexible funds. At a minimum, the RTP must define the level of funding that can "reasonably" be expected to be available and use that target to size the amount of projects that are included in the RTP.

2. **RTP FINANCING STRATEGY (state requirement)**
   The financially constrained RTP represents an opportunity to shift from being an exercise to forecast revenues and size the RTP accordingly to a strategic regional agreement on what to pursue to implement various components of the RTP. This would go farther than the minimum federal requirement and help localities meet the state requirement for a plan supported by a financing strategy.

CHOICES:
Should we:

A. Agree upon reasonable revenue forecasts and size the 2035 RTP accordingly;
OR
B. Develop a strategic action plan of federal, state, regional and local revenue raising actions needed to implement the 2035 RTP?

Note: On May 10, 2007, JPACT recommended the RTP update schedule be expanded with the federal component of the RTP being completed by the end of 2007 and the state component of the RTP being completed by June 2008 to meet the state requirements. With an expanded schedule, the completion of the federal component of the 2035 RTP would be tied to a reasonable revenue forecast as listed under Option A, while completion of the state component of the 2035 RTP could focus on a real financing strategy as described in Option B. Option B would begin in early 2008, upon completion of the federal component work.

3. **OPERATION, MAINTENANCE AND PRESERVATION**

State highway trust funds are predominately used to maintain, operate and preserve the state and local road system. This function is not being carried out at a sufficient level and backlogs are growing. The revenue base for this is tied to a gas tax that is shrinking in purchasing power resulting in the insufficient level of maintenance, operation and preservation being reduced by about 50% in real dollars. An approximate 1-cent increase in the state gas tax is needed every year to adequately maintain, operate and preserve the state and local road system.

CHOICES:

- Should the region continue to pursue state gas tax increases to fund local road maintenance?
- Is the strategy to increase the state gas tax too unreliable to support such a critical local need?
- In lieu of a state gas tax strategy, should the local governments of the region take local responsibility for maintenance?
- ODOT has no choice but to pursue state funding sources to operate, maintain and preserve the state highway system. They must rely on their share of the equivalent of a 1-cent per year gas tax increase. Without this increase, the purchasing power of the state highway trust fund will continue to erode and deferred maintenance costs will grow. Should JPACT continue to support this approach?

4. **ODOT MODERNIZATION**

Funds available to ODOT for highway modernization purposes are limited to 1-cent of the state gas tax dedicated to modernization by state statute plus the extent to which the region can successfully get projects earmarked through federal legislation. This resource is so limited because the balance of the state highway trust funds are used by ODOT for basic operations and maintenance or have been bonded for OTIA I, II and III projects. In addition, the federal highway funds received by ODOT by formula (i.e. Interstate, National Highway System) are used for major rehab. projects. Based upon past history (through the OTIA program), ODOT is assuming there will be a $15 increase in the vehicle registration fee (or equivalent) every 8 years fully dedicated to highway modernization. This overall resource leaves the state highway system greatly underfunded to meet modernization needs.

CHOICES:

- What should be the region's strategy for meeting state highway modernization requirements?

- Should there be a more aggressive strategy than a $15 vehicle registration fee increase every 8 years?
- Should there be a regional funding measure referred to the voters that includes funding for state highways?
- ODOT has no other source to turn to for meeting basic operations, maintenance and preservation needs and therefore has to assume any gas tax increases will be used for this purpose. However, if local governments meet their maintenance needs through local sources then those locally distributed state gas tax increases could be dedicated to state highway modernization instead.
- Should the region only consider major new freeways or added lanes to the freeway system if they are funded through tolls (i.e. new toll roads and added lanes that are priced)?

5. **CITY/COUNTY ARTERIAL EXPANSION**

System Development Fees (SDCs) are an important source for funding new road capacity and needed bike and pedestrian improvements needed to serve growth. However, SDCs are not in place to the maximum allowable level except in a few jurisdictions that have recently adopted SDC programs. In addition, in most of the recent UGB expansion areas, the planning work has not progressed to the point of adopting SDCs yet (much less in the future UGB expansion areas that are assumed in the 2035 forecast that is being used for the RTP). Also, in general, SDCs are not used to fund capacity expansion needed to serve growth on the freeway system or the transit system.

CHOICES:

- Should there be a more aggressive approach to pursuing SDCs regionwide?
- Should we at least assume SDCs would be adopted within the recent UGB expansion areas and future UGB expansion areas?
- Should SDCs be considered for the freeway and transit systems?
- Should we pursue a regional ballot measure for arterials as a complement to SDCs?
- Should we leave this need to local governments?

6. **TRANSIT OPERATIONS**

The payroll tax plus state and federal shared revenues plus the farebox is sufficient to keep pace with inflation and is sufficient to provide for operating costs of the Washington Co. commuter rail and the I-205 LRT. However, it is not sufficient to expand bus and rail operation at the level desired throughout the region. In addition, the rapid growth rate in LIFT service (door-to-door service for the elderly and disabled) is encroaching into TriMet's ability to expand fixed-route service. While a significant share of new light rail and streetcar systems can be funded through competitive federal programs, there is no equivalent federal source to pay for on-going operations of the new lines.

CHOICES:

- What funding strategies should be pursued to support increased bus and rail transit services?
- Should the region pursue general funds from the state to meet the needs of elderly and disabled citizens, relieving them of that responsibility and allowing as greater priority for fixed-route service?
- Should streetcar operations be a local responsibility or do they provide a regional service equivalent to other parts of the bus system?

7. **LRT EXPANSION**

The region has a strong track record in financing expansion of the LRT system with competitive federal funds at a 50-60% level. However, the local match for each corridor has been put together as a unique approach each time. Various segments of the LRT system have been funded through TriMet general obligation bonds (backed by property taxes), state lottery funds, local urban renewal funds, local general funds, TriMet general funds and regional federal flexible funds.

CHOICES:

A. Depending upon how much LRT expansion the region wants to pursue, where should the local match come from?

8. **FEDERAL FLEXIBLE FUNDS**

Portions of the federal highway funds are sub-allocated to the Portland region to be allocated through the Metropolitan Transportation Improvement Program (MTIP). Regional STP funds can be used for virtually any multi-modal transportation purpose. Congestion Mitigation/Air Quality (CMAQ) can only be used on a project that reduces air pollution, generally alternative mode projects. Historically, these funds have been used for a broad mix of arterial streets and bridges, bus improvements, LRT expansion, bikeways and trails, pedestrian improvements, boulevard improvements in Regional Centers, Town Centers and mainstreets, the Regional Travel Options (RTO) program, the Regional Transit Oriented Development (TOD) Program, transportation planning and Intelligent Transportation System (ITS) projects.

CHOICES:

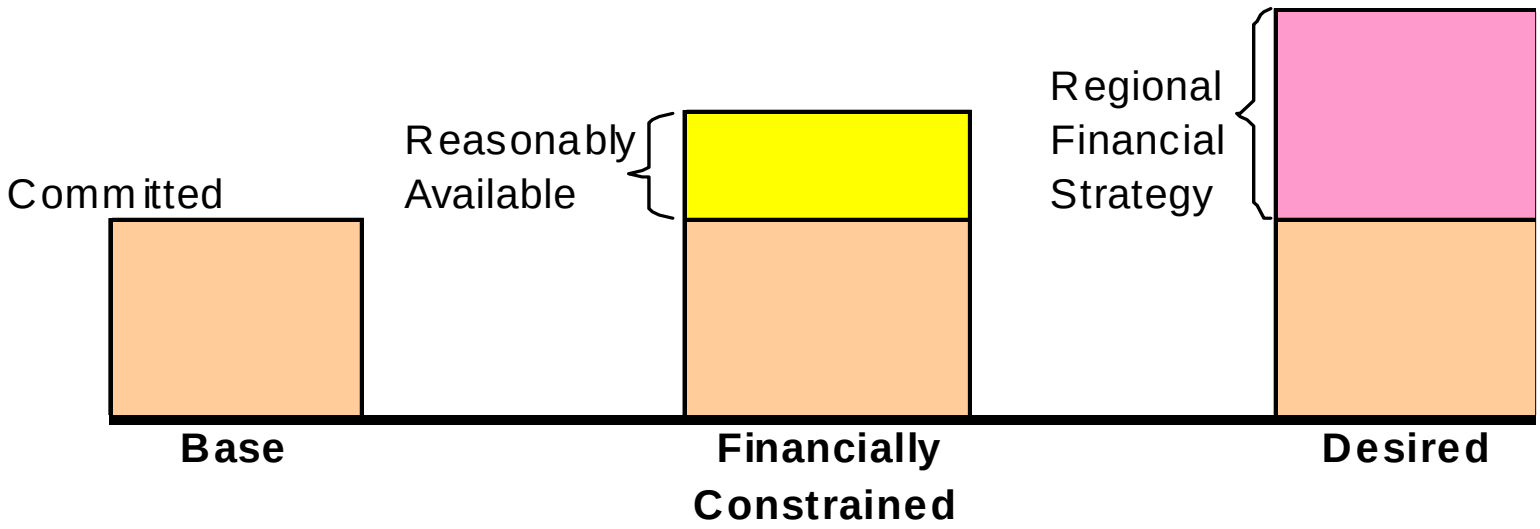
- Should these funds continue to be dedicated to these purposes?
- Should they be fully dedicated to alternative modes tied to a funding strategy to meet the region's road needs?
- Conversely, should they be fully dedicated to roads tied to a funding strategy to meet the needs for alternative modes?

FINANCIALLY CONSTRAINED RTP

Joint JPACT/MPAC Meeting
May 24, 2007

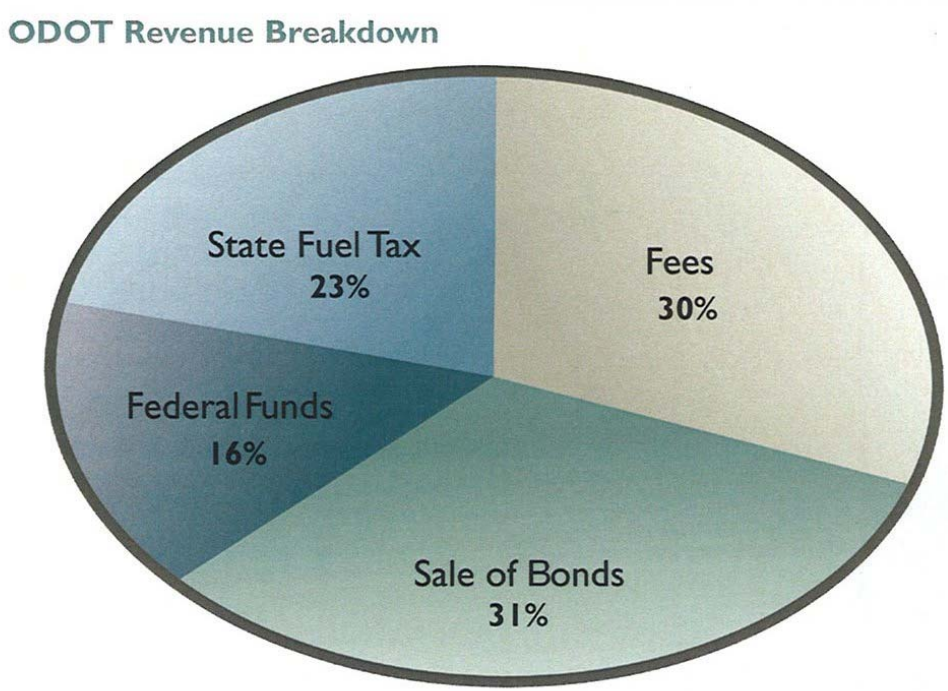
FINANCIALLY CONSTRAINED RTP

- **Driven by Federal Regulations**
- **Committed and Reasonably Available Revenues**
- **Projects Must be in Financially Constrained to Receive Funds**



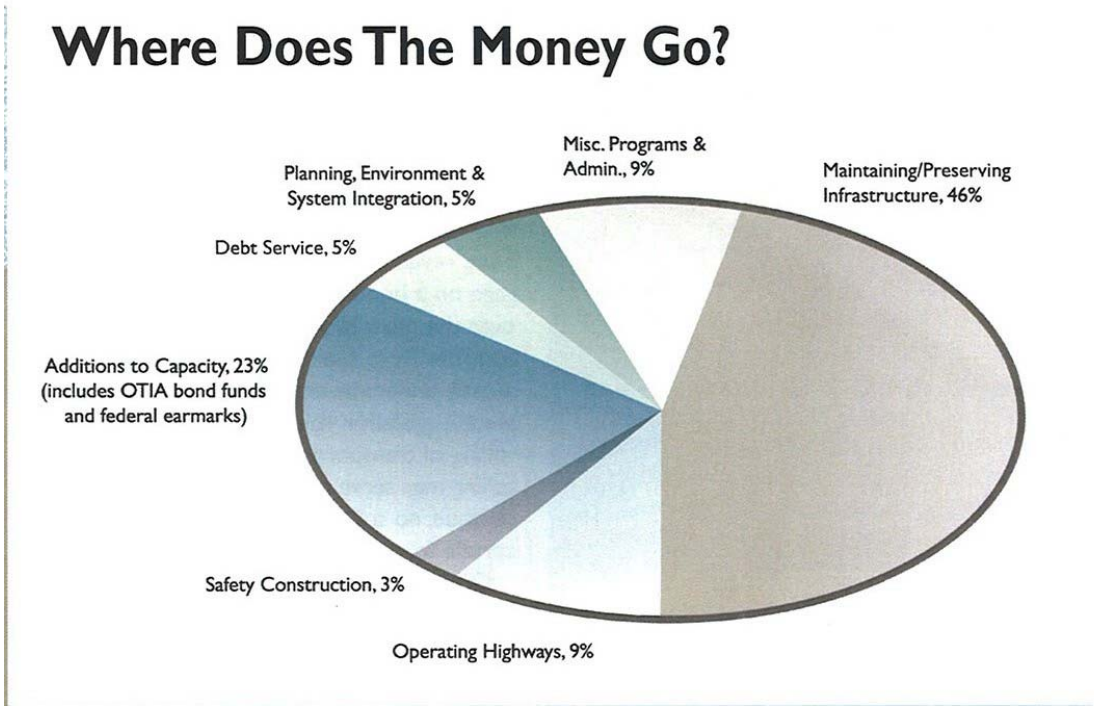
ODOT Revenues

- OTIA Bonds have increased ODOT Revenues
- Future Debt payment reduces revenues



ODOT Spending

- Mostly Operations, Maintenance & Preservation
- Modernization increased through OTIA Bonds



AVERAGE ANNUAL ODOT MOD IN METRO REGION (2007$)

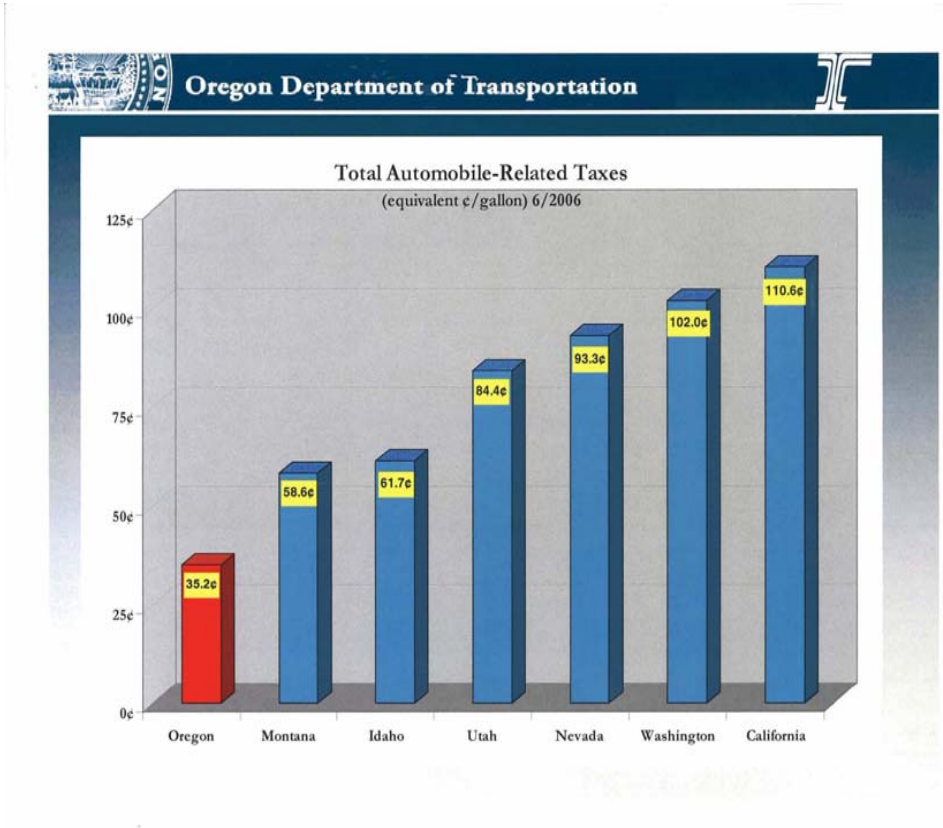
Existing State and Formula Federal Funds	$11.4
ODOT Earmarked Fed Grants	$11.6
State Share of Assumed New Revenues	$5.6
	$28.6

ALL LOCAL MOD FUNDS 2007 - 2035

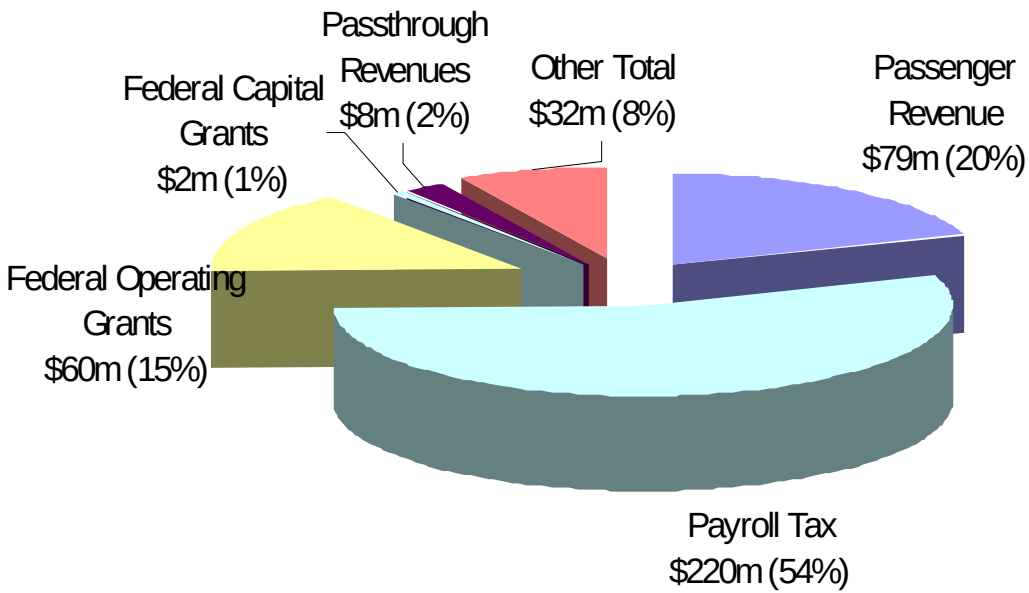
Earmarked Federal Funds	$335	7.0%
Formula Federal Funds "MTIP"	$556	11.6%
Property Tax Levy	$1,119	23.4%
SDC-Traffic Impact Fee-Special Assessment	$1,254	26.2%
Urban Renewal-Tax Increment	$429	9.0%
Development Exactions	$509	10.6%
Other	$356	7.4%
Local Share of Assumed New Revenues	$233	4.9%
Total Financially Constrained	$4,792	100.0%
Average Annual	$165	

Auto-Related Taxes

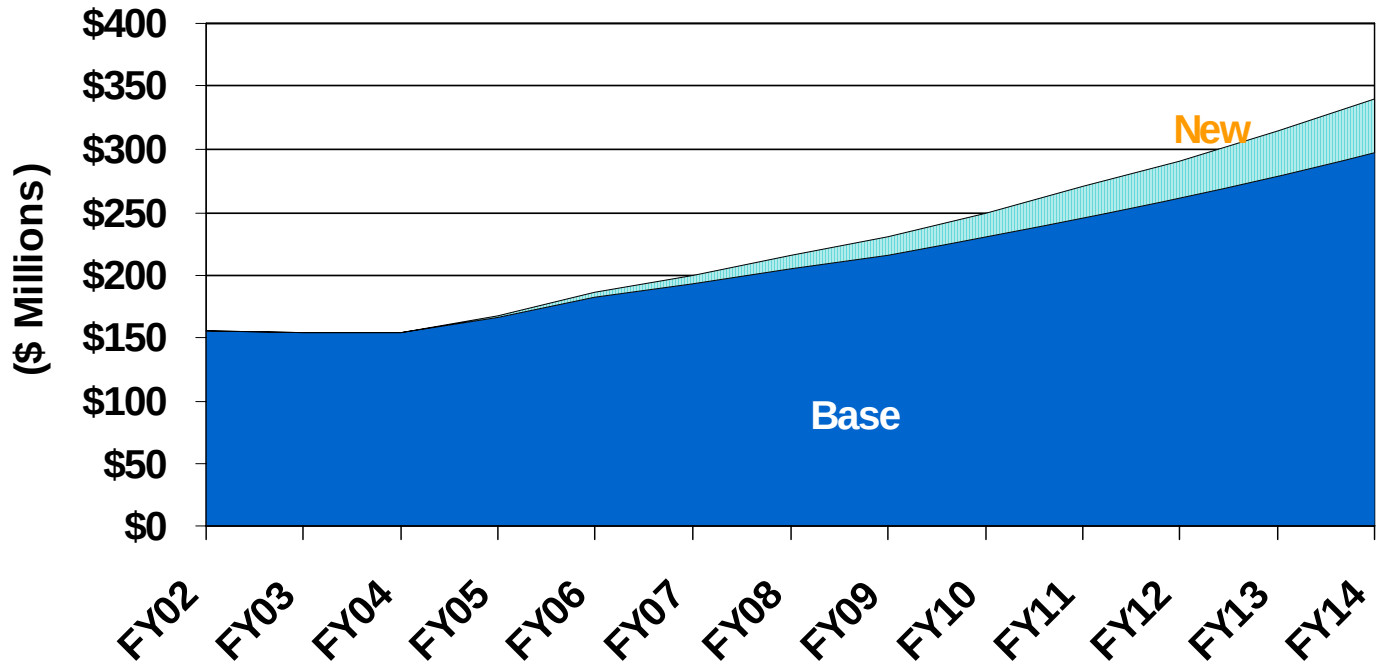
- Includes Gas Taxes, Auto-related sales taxes and vehicle registration Fees for average motorist
- Lowest in the West



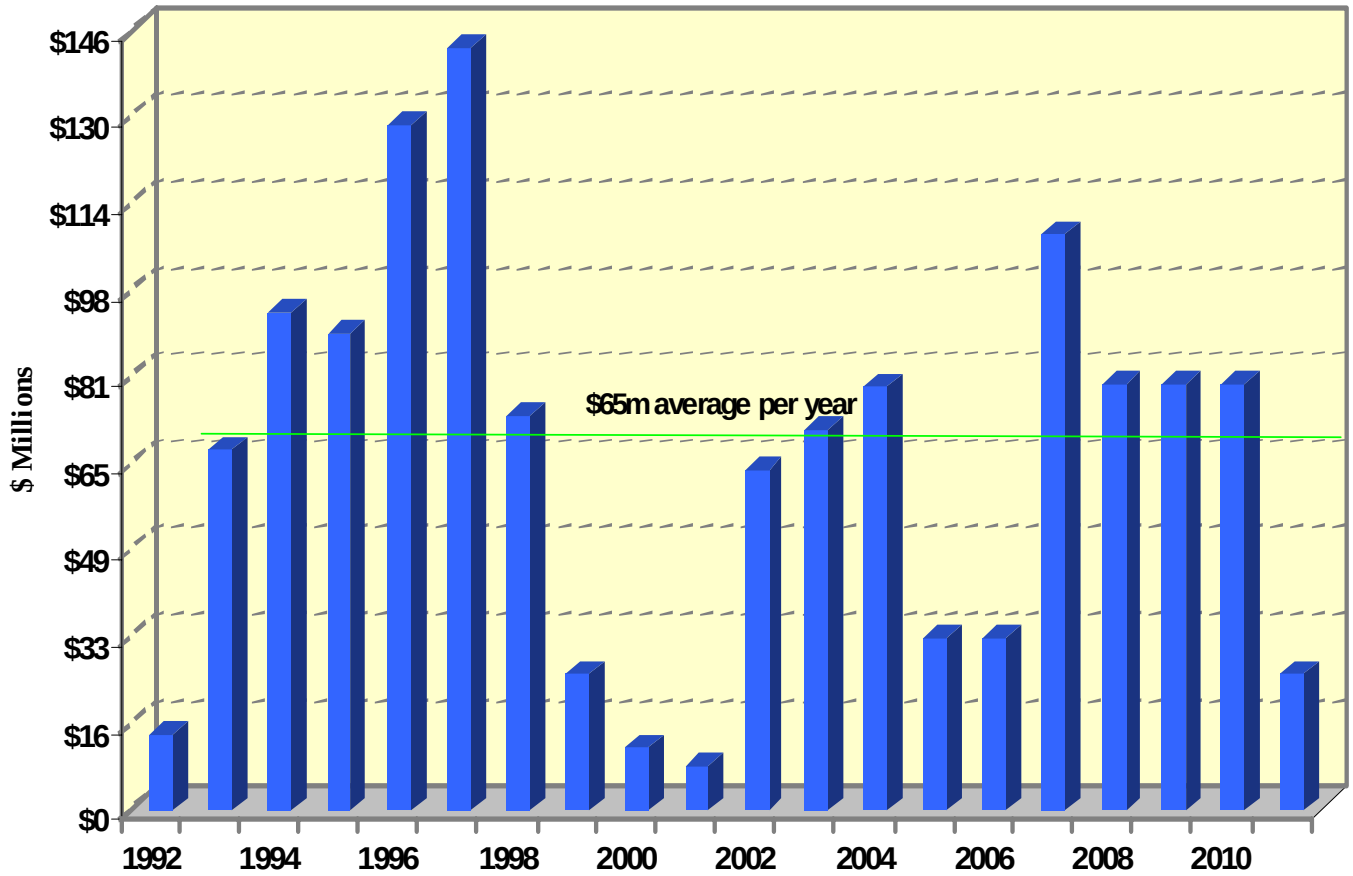
FY08 Operating Budget Revenues



TriMet's Annual Payroll Tax Revenue



Federal New Starts Revenues from 1992 - 2011



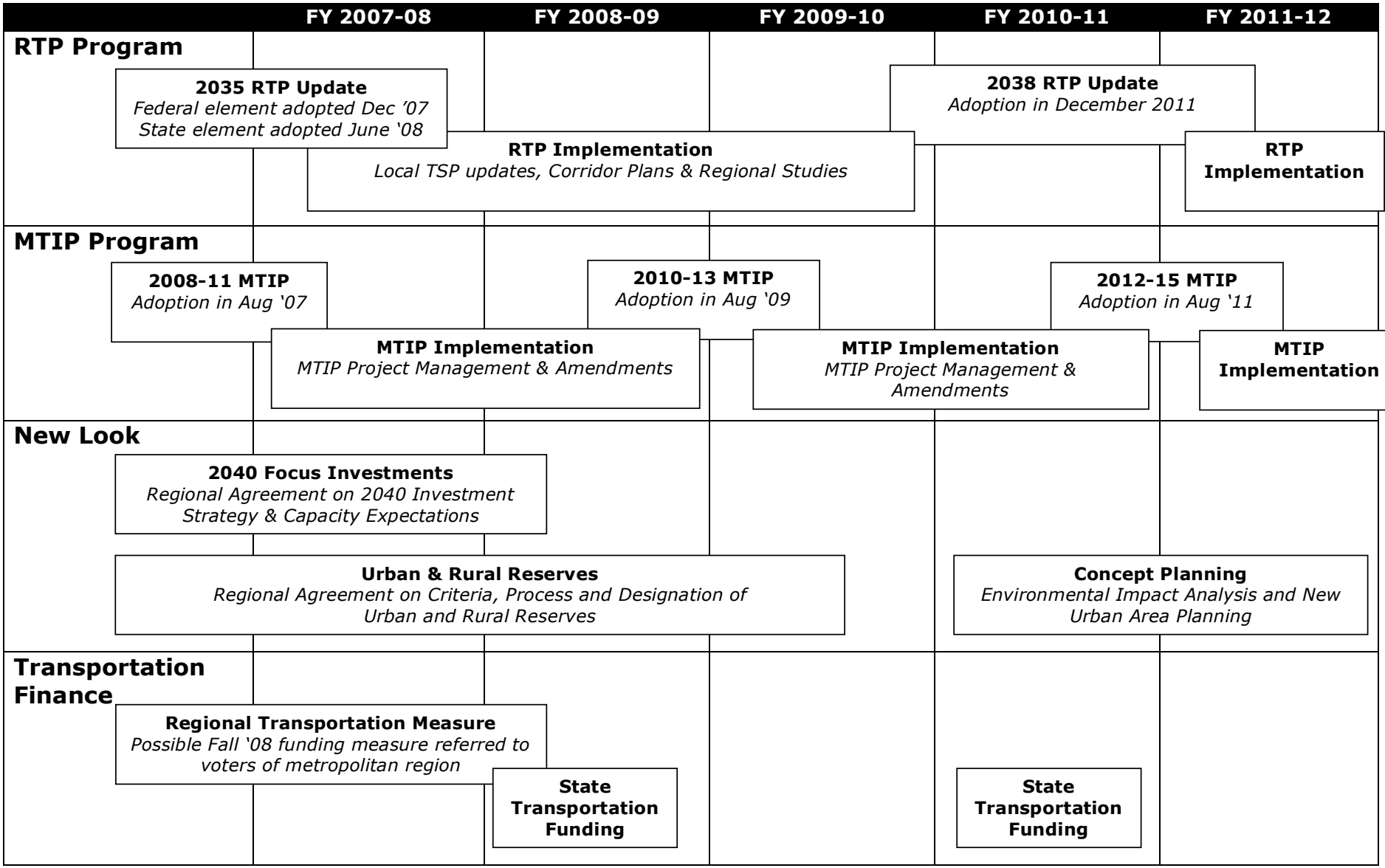
TriMet's New Payroll Tax Revenues

Rate increases to pay for net operating costs and debt service for TriMet's capital contribution:

- **Commuter Rail**
- **I-205/Portland Mall MAX Light Rail**
- **Portland Streetcar Extensions to Riverplace, Gibbs, Lowell**
- **LIFT service growth**

Regional Transportation & Land Use Planning

5-Year RTP Timeline – *Expanded Schedule*



May '07

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METRO

DATE: May 24, 2007

TO: JPACT and MPAC Members and Interested Parties

FROM: Kim Ellis, Principal Transportation Planner

SUBJECT: Investment Area Priorities for State and Regional Mobility Corridors

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INTRODUCTION

This memorandum summarizes the combined efforts of JPACT, MPAC and Freight Advisory Committee to define investment area priorities for state and regional mobility corridors. These corridors are the backbone of the regional transportation system, and are being evaluated on a separate "mobility track" in the update to the Regional Transportation Plan because of their statewide significance and the magnitude of costs associated with providing for people and goods movement in these corridors.

The purpose of the exercise for these committees was to establish a starting point for the Oregon Department of Transportation (ODOT) and TriMet to develop more specific project proposals for the RTP. The recommendations from ODOT and TriMet will be blended with local project recommendations that are being solicited from cities and counties in the "community track" of the RTP update. The results of the first round of combined modeling and analysis of this blended system of investments will be reported back to JPACT and MPAC in the fall, and will set the stage for subsequent rounds of analysis and refinement of the RTP.

BACKGROUND AND CONTEXT

The Regional Transportation Plan (RTP) provides a framework for planning, building, and managing an integrated transportation system in our region. The primary mission of the Regional Transportation Plan (RTP) is to implement the Region 2040 vision for land use, transportation, the economy and the environment. To accomplish this mission, the 2035 RTP will include investments to support (1) state and regional mobility and (2) community building. The state and regional mobility corridors primarily comprise the major throughway and HCT systems that are owned and operated by the Oregon Department of Transportation (ODOT) and TriMet. Transportation needs in these corridors significantly exceed revenues anticipated to be available during the RTP plan period.

In March and April 2007, the Regional Freight and Goods Movement Task Force, MPAC and JPACT participated in separate workshops to explore mobility issues and priorities for investments in the RTP update. Each group conducted a "dot map" exercise to begin a discussion of how the region will promote passenger and freight travel reliability in identified mobility corridors.

On April 30, 2007, Metro, TriMet and ODOT convened a technical workshop to build on the direction provided in the previous policy-level discussions. Nearly 60 participants attended this workshop, including TPAC and MTAC members and other local agency staff. ODOT, TriMet and Metro staff

identified potential investments strategies for each corridor in advance of the workshop to serve as a starting point for discussion. Participants worked in small groups at the sub-regional level to confirm the function each mobility corridor serves, identify additional investment areas and prioritize areas to focus investments in the 2035 RTP based on initial direction provided by the Freight Task Force, MPAC and JPACT.

PRIORITY INVESTMENT AREAS
The remainder of this memo summarizes investment priorities identified by MPAC, JPACT and the Freight Task Force, and refined at the technical mobility workshop:

1. REGIONAL BRIDGES
A separate program category for regional bridge operations and maintenance was recommended for purposes of the 2035 RTP. This recommendation recognizes the significance of the Willamette River Bridges, Carver Bridge, Boones Ferry Road Bridge and the Sandy River Bridge to intra-regional travel, and looming questions about how the region will fund major bridge improvements in the future. This recommendation will be carried forward in the RTP process and upcoming finance discussions.

2. TRANSPORTATION SYSTEM AND DEMAND MANAGEMENT
System and demand management was identified as an overarching strategy for coping with growth in the region, and relative decline in available transportation funding. System management involves streamlining transportation operations to maximize existing or new capacity. Demand management involves marketing and other programs designed to reduce demand on the system, particularly during peak periods of demand.

Broad regional strategies for both system and demand management were recommended across the region in all of the workshops. In addition, specific priority investment areas identified include: I-5 north of the I-405 loop, I-5 south of Portland central city, I-84, I-205 between I-5 and Gateway, OR 99E/224 between Portland central city and I-205 and US 26 between the I-405 loop and Shute Road.

3. MOBILITY CORRIDOR INVESTMENTS
The following investment highlights correspond to a hybrid investment map that will be displayed at the joint MPAC and JPACT meeting. The mobility corridors are named according to state highways, but include adjacent or proximate high capacity transit facilities under the new, broader definition of "mobility corridor" in the draft RTP. Most of the investments recommended here are assumed to be complemented by much more aggressive transportation system and demand management.

I-5 North Corridor

- Additional Columbia River Bridge crossing capacity and HCT improvements to address a key freeway system bottleneck to improve interstate, statewide and regional access and travel reliability for people and goods traveling in and through the region.
- Freeway interchange improvements that enhance access to the Columbia Corridor and Rivergate industrial areas and intermodal facilities, particularly at Hayden Island, Marine Drive, Columbia Boulevard and Lombard Street.
- The freight task force also called out the need to looking beyond the truck network to address critical needs for marine and freight rail transportation, including completion of the Columbia River channel deepening and upgrading rail yard and mainline infrastructure in that part of the region.

I-405/I-5 Central City Loop

- I-5/I-84 interchange improvements to address a key freeway system bottleneck to improve interstate, statewide and regional access and travel reliability for people and goods traveling in

and through the region, recognizing additional strategic I-405 loop interchange improvements will also be needed in the long-term.

- Completion of the I-405 Freeway Loop Master Plan was also identified as a priority to determine the long-term strategy and configuration for this part of the transportation system. The loop surrounds the Portland Central City, providing a critical connection to all throughways in the region, including providing Sunset Corridor access to Portland International Airport air cargo terminals.

I-5 South Corridor

- HCT connection from Portland Central City to Washington Square to expand transportation options and improve truck travel reliability in this corridor.
- Commuter rail extension to Salem to expand transportation options between the Portland metropolitan region and Willamette Valley and improve truck travel reliability in this corridor.

Northeast Portland Highway (US 30 Bypass)

- Intersection improvements to remove barriers to freight movement to streamline statewide and regional truck travel reliability and access to the Columbia Corridor and Rivergate industrial areas, Port terminals and intermodal facilities, complementing the I-84 corridor.

I-205 South Corridor

- HCT connection from Oregon City to Washington Square to expand east-west transportation options and improve truck travel reliability in this corridor.
- Throughway capacity from Oregon City to I-5 and the I-205/OR 213 interchange for freight movement and to serve expected growth in this part of the region.

I-205 North Corridor

- I-205/Airport Way interchange improvements to provide access to Portland International Airport and east Columbia Corridor industrial area.
- HCT connection from Oregon City to Clackamas Regional center to north/south expand transportation options and improve truck travel reliability in this corridor.

OR 99E/224/212 Corridors

- Grade separation of at-grade road and rail intersections from Portland central city to I-205.
- HCT from Portland central city to Milwaukie town center to expand north/south transportation options in this portion of the corridor and connect 2040 centers.
- Improve access to current and emerging industrial areas, the state highway system and Mt. Hood recreational area through a new throughway connection from I-205 to Rock Creek Junction (Sunrise Project Phase 1).
- Refinement planning for new parkway connection from Rock Creek junction to US 26 (Sunrise Parkway Phase 2) to serve expected growth in this part of the region was also identified as a priority.

I-84 to US 26 Connection Corridor

- Improve access to current and emerging industrial areas, the state highway system and Mt. Hood recreational area, through a new throughway connection from I-84 to US 26. The new connection is intended to provide statewide and regional access and travel reliability for people and goods.
- Refinement planning to determine the general location for this new connection, consistent with the MOU approved by the cities of east Multnomah County, and corridor right-of-way preservation and acquisition were also identified as priorities.

- MAX extension from Gresham regional center to Mt. Hood Community College and Troutdale to expand north/south transportation options in this corridor.

I-84 Corridor

- I-5/I-84 interchange and I-205/I-84 interchange improvements to address key freeway system bottlenecks to improve interstate, statewide and regional access and travel reliability for people and goods traveling in and through the region.
- Troutdale interchange improvements to improve truck access to the Columbia South Shore and Troutdale airport industrial areas.
- Powell Boulevard BRT from Portland central city to Gresham to expand east-west transportation options in this corridor.

US 26 Corridor

- Capacity improvements from Cornell Road to Shute Road to improve statewide and regional access and travel reliability for people and goods traveling to and from Highway 217, I-5, the Sunset industrial area and Beaverton and Hillsboro regional centers and employment areas.
- Forest Grove HCT extension to expand east-west transportation options in this corridor.
- Cornell Road BRT connection to expand east-west transportation options in this corridor.
- US 26/Glencoe Road interchange improvements to improve regional access to North Plains.

Highway 217 Corridor

- Capacity and interchange improvements, consistent with OR 217 refinement plan, to improve statewide and regional access and travel reliability for people and goods traveling to the Washington Square and Beaverton regional centers, Sunset industrial area, US 26 and I-5 South.

I-5 to 99W Connector Corridor

- Improve access to current and emerging industrial areas in Tualatin, Sherwood and Wilsonville, through a new throughway connection from I-5 to 99W. The new connection is intended to provide statewide and regional access and travel reliability for people and goods, connecting the Portland metropolitan region to the Oregon Coast and Willamette Valley.

Transportation Finance Policy Issues Affecting the 2035 Regional Transportation Plan (RTP) – May 23, 2007

This matrix frames key transportation finance issues and choices on how the region could proceed to address these issues. Discussion of key finance issues and choices will continue over the next several months to meet federal and state requirements for the 2035 RTP.

CATEGORIES OF TRANSPORTATION INVESTMENTS	HOW TRANSPORTATION INVESTMENTS ARE FUNDED TODAY	FINANCIALLY CONSTRAINED RTP ASSUMPTIONS	WHAT IS YOUR POLITICAL APPETITE TO GO AFTER NEW FUNDING AND FOR WHAT?
ODOT Operations, Maintenance & Preservation (Including ITS/TSM)	• ODOT share of all but 1¢ share of 18¢ Federal and 24¢ State gas tax • OTIA 1, 2, 3	• ODOT share of 1¢/year State gas tax increase (from 24¢+ 29¢ in 29 years)	Same as Financially Constrained OR All of 1¢ every other year
City/County Operations, Maintenance & Preservation (Including ITS/TSM)	• City/County share of 24¢ State gas tax • Street utility fee in Tualatin, Wilsonville & Lake Oswego • Gas tax in Multnomah County, Washington County, Milwaukie, Tigard and Cornelius • Road maintenance district in Washington County • Utility Franchise Fees in Cities	• City/County share of 1¢/year State gas tax increase (from 24¢ + 29¢ in 29 years)	Same as Financially Constrained OR More use of local options
Major Bridges Carrying Regional Traffic: • Tualatin River/Boones Ferry Bridge • Willamette River/Oregon City Bridge • Willamette River/Ross Island Bridge • Willamette River/Broadway Bridge • Willamette River/St. Johns Bridge • Willamette River/Sellwood Bridge • Willamette River/Broadway Steel Bridge • Willamette River/Burnside Bridge • Willamette River/Steel Bridge • Willamette River/Morrison Bridge • Willamette River/Hawthorne Bridge • Sandy River/Division and Stark Bridges	• Metropolitan Transportation Improvement Program (MTIP) • Federal bridge program • State bridge program • City/County Share of State Gas Tax	• Same as today	• Same as today • More State gas tax/VRF • Regional gas tax/Vehicle Registration Fee (VRF) • Local levies
ODOT Modernization	• Existing State & Federal - $11M/year • OTIA 1, 2, 3 (bonded) • Federal Earmarks • Development exactions	• Existing State & Federal • Federal Earmarks • $15 VRF every 8 years **Total - $28 M/year average**	• Bigger State gas tax/VRF – Note: Projects of Statewide Significance would require about a 37¢ State Gas Tax Increase • Regional gas tax/VRF • Local Options: SDC, Urban Renewal, Levies (MSTIP) • Tolls
City/County Capital Program (Multimodal)	• City/County Share of State Gas Tax • MTIP • System Development Charges (SDCs) • MSTIP • Urban Renewal • Federal Earmarks • Development exactions • Parking Fees	• MTIP • SDC • MSTIP • Urban Renewal • Federal Earmarks • $15 VRF every 8 yrs. **Total - $165 M/year average**	• Same as Financially Constrained • SDC in UGB expansion areas • More state gas tax/VRF • Regional gas tax/VRF • Local Options: SDC, Local gas tax, VRF, Levies (MSTIP), Urban renewal, Development exactions
High Capacity Transit	• New Starts—60/40 to 80/20 • Small starts • Lottery • General Obligation (GO) Bonds • Payroll Tax • MTIP • Local sources - Urban renewal, LID, STIP, Development exactions	• Same as Today	• Same as today • Federal New Starts—60/40 • High Capacity Transit Ballot Measures
Transit Operations/Routine Capital	• Farebox • Payroll tax • State Transportation Improvement Program (STIP) • MTIP	• Same as Today, plus .1% payroll tax increase over 10 years	• Regional levy for buses • Shift SNT to State $ to free-up operating $ • Local Options: SDC, General Fund, Urban Renewal
Special Needs Transportation (Seniors and people with disabilities)	• Payroll tax • STIP • Cigarette tax • Federal $	• Same as today	• Statewide Funding for SNT

2035 Regional Transportation Plan Update: A New Look at Transportation

TRANSPORTATION FINANCE STRATEGY CONSIDERATIONS AND CHOICES

The region's funding gap is so significant, the region needs to use every tool at our disposal to address current and future transportation needs in support of the Region 2040 Growth Concept. To maximize and protect the public's investment in the transportation system, the region needs a strategy that effectively links land use with transportation investment decisions. The region needs both short- and long-term strategies to raise new revenues to fund needed investments.

1. **<u>State Funding Strategy Considerations:</u>**
   a. Should we continue to pursue state gas tax and vehicle fee increases for a broad array of state and local road needs following a 50/30/20 state/county/city split?
   b. Should we follow the lead established by the Oregon Transportation Investment Act (OTIA) targeting state revenue increases to specific targeted purposes, particularly modernization?
   c. Because of the very high cost of major state highway and freeway projects, does the region have any choice but to pursue building key projects with tolls?

2. **<u>Regional Funding Strategy Considerations:</u>**
   a. What is the regional responsibility for funding transportation?
   b. Should the region pursue a transportation funding ballot measure? If so, for what purpose?
   c. Should we change the approach to allocating funds in the Metropolitan Transportation Improvement Program (MTIP)?

3. **<u>Local Funding Strategy Considerations:</u>**
   a. Which transportation needs should be considered a local responsibility?
   b. Should any regional or state funding decisions take into account the extent of local efforts to raise funding given the widely disparate levels of revenue raising across the region?

4. **<u>Land Use and Future Growth Strategy Considerations:</u>**
   a. To meet state requirements, the 2035 RTP will need to be sufficient to support land use plans and accompanied by a financial strategy adequate to implement it. If there isn't sufficient political will to raise funding, should the region consider growth controls as an alternative to seeking new revenue?
   b. What set of land use and transportation efficiency policies and tools should be adopted to maximize the public's investment in transportation infrastructure?

5. **<u>Short-term/Long-term Strategy Consideration:</u>**
   While the RTP financing strategy covers a long time period (2035) and can include planned funding actions many years in the future, it should also help frame funding actions to pursue in the next 2-3 years at the federal, state, regional and local levels.

May 23, 2007

Oregon Business Plan Transportation Funding Campaign (DRAFT)

Goal

For Oregon to make major transportation investments ($350 million by 2011) to relieve congestion, improve freight mobility, enhance safety and improve efficiency on highways, roads and streets. These investments should begin with the 2007 legislature.

Rationale

Freight will increase 80% by 2030, most of it carried by trucks. Oregon's population will grow 40% during that same period, contributing to congestion. A new study shows Oregon's economy stands to lose $1.7 billion annually 16, 000 jobs by 2025 without action. One in five Oregon jobs is transportation related or reliant.

The Oregon Transportation Plan estimates the gap between needed and available resources for state highways at roughly $570 million. County roads and city streets also have a major funding gap, exacerbated by the potential loss of the federal timber county payments.

A coalition of business leaders and organizations is highly motivated and invested and is interested in tackling this problem ***now*** under the umbrella of the Oregon Business Plan. Waiting any longer to take action will add significantly to the costs of the solution. Moreover, counties have an immediate need created by loss of timber county payments and from a long-term perspective acting now will help draw increased federal matching funds.

Current Situation

Opinion leaders and key constituencies support immediate action. The business community is highly organized on this issue. Two vehicles for transportation funding are in the Revenue Committee (HB 2653 and 3018) and could be amended to reflect significant investments this session.

The public is somewhat aware of problem but needs persuading to support new taxes. Legislators are focused on other priorities at the moment, but there is ample opportunity to make transportation funding part of a go-home package. There currently is no organized opposition to our transportation funding effort and the business coalition is reaching out to potential opponents.

Path to success

1. Continue an intensive lobbying effort inside the capitol (coordinated by Brian Boe)
    a. Focus on the House, particularly House R's
    b. Continue dialogue with Minority Leader Scott
    c. Engage allied lobbyists in carrying the message of transportation funding to legislators

2. Continue grassroots lobbying effort (Coordinated by Kyle and Jeremy @ OBC)
    a. Arrange 10 contacts from key community leaders to each House Republican
    b. Place at least one Opinion-Editorial per newspaper in targeted communities (including Central Oregon)

3. Launch public communications campaign
    a. Work with professional to develop the messaging. Focused on educating the public rather than lobbying legislators.
    b. Contract with PR Firm
    c. Engage coalition partners and key legislators in developing the campaign
    d. Raise funds to support the campaign (Estimated $1-2 million dollars over 2 years)

4. Continue outreach to key stakeholders

How You Can Help

Contact Your Legislator

Contact your legislator by phone, letter, email and personal visit. Attached you will find a sample letter to legislators. For help with letters, phone calls, emails or arranging a time to visit your legislators in Salem, work with Jeremy Rogers at the Oregon Business Council. Key points to emphasize in communications with legislators include:

1. The connection between transportation and the economy (see 3-page proposal)
2. The urgency of passing a transportation-funding package ***this session. ("Don't go home without passing a significant transportation funding package")***
3. The opportunity to help counties mitigate the potential loss of federal county payments in the short term and in the long-term receive more federal matching funds.
4. Support for amending two bills in the House Revenue Committee (HB 2653 and HB 3018) to reflect the Business Plan proposal.

Contact Your Local Media

Attached you will find a sample opinion editorial. Identify (a) leader(s) in your community to submit (a) guest editorial(s) to your newspaper(s). Use the attached sample as a starting point and add some local flavor. Kyle Ritchie Noll or Jeremy Rogers can help with writing or placing editorials.

Contact other groups in your community and your counterparts in other areas of the state

We are operating on a short time-frame to achieve success this session. We need as many people as possible aware of the effort to finance a transportation package this session and to ask them to contact their legislators and media about the urgency and importance of this issue.

Key Contact Information

Oregon Business Plan Transportation Effort
Jeremy Rogers, Oregon Business Council: 503-595-7608; jrogers@orbusinesscouncil.org
Mike Hollern, Hampton Affiliates, Oregon Business Plan Transportation Committee
mikehollern@bendbroadband.com; (541) 382-1662 ext111
Randy Pape, Oregon Business Plan Transportation Initiative Leader; Oregon Transportation Commissioner. (541) 341-3332. rcp@pape.com

Legislators
Rep. Gene Whisnant, District 53 (R): 503-986-1453; rep.genewhisnant@state.or.us;
Rep. Chuck Burley, District 54 (R) 503-986-1454; rep.chuckburley@state.or.us
Rep. George Gilman, District 55 (R) 503-986-1455; rep.georgegilman@state.or.us
Rep. John Dallum, District 59 (R) 503-986-1459; rep.johndallum@state.or.us
Senator Ben Westlund, District 27 (D) 503-986-1727; sen.benwestlund@state.or.us
For additional information on legislators, including mailing addresses, please visit
http://www.leg.state.or.us/
Thank you for your support!

SAMPLE LETTER TO LEGISLATORS

XX May 2007

The Honorable (*Name of Legislator*)
Oregon Senate/House of Representatives
900 Court St. NE [*Insert Room Number*)
Salem, OR 97301

Dear Senator/Representative (*Last Name*),

I strongly urge you to pass a significant transportation-funding package this legislative session.

The Oregon Business Plan calls for $300-$350 million annually in additional revenues to invest in projects that improve freight mobility, relieve congestion, enhance safety and improve efficiency through the use of technology. This type of investment is critical to moving Oregon's citizens and economy forward.

As business leaders in our community, we see the direct impacts of under-investment in transportation. *[Insert local example of transportation's impact on regional economy or a local business*]. These inefficiencies cost our businesses real dollars, and the concern isn't just local. A recent study shows that by 2025, Oregon stands to lose $1.7 billion annually and 16,000 jobs if it fails to invest in transportation infrastructure.

The time to act is now. Each year we wait, the gap between needed and existing resources grows dramatically, making it harder to address the problem comprehensively.

Two bills are currently available as vehicles for transportation investments: HB 3018 and HB 2653. These bills should be amended to reflect the Business Plan proposal and passed this session.

Investing in our infrastructure is a collective responsibility. We are reaching out to local media, community groups, and other voters in your district. We ask you to take leadership addressing this issue in Salem.

Thank you.

Sincerely,

(Your name)
(Your title)

Cc: Senator Peter Courtney, Senate President
Representative Jeff Merkley, Speaker of the House
Senator Rick Metsger, Chair, Senate Business, Transportation and Workforce Development Committee
Representative Terry Beyer, Chair, House Transportation Committee
Stuart Foster, Chair, Oregon Transportation Commission

SAMPLE GUEST EDITORIAL

Legislature: Don't leave Salem without investing in transportation

Guest Editorial By (*Name* & Organization)

Oregon is a trade dependent state. Our location on the Pacific Ocean and our diverse traded sector businesses, have firmly placed Oregon in the global marketplace. Oregon's economy is also transportation dependent. A quality transportation system can attract business and improve quality of life. As Oregon's population growth continues to outpace the nation, an effective regional transportation system become increasingly important to all Oregonians. How we respond to this issue will determine the state's livability for years to come.

Recently a broad consortium of business groups and transportation agencies from around the state released The Cost of Highway Limitations and Travel Delay to Oregon's Economy study. The findings indicate that, without additional investment in the state's critical transportation infrastructure, Oregon's economy could lose $1.7 billion annually and 16,000 jobs by 2025.

The study, conducted by Boston, MA based *Economic Development Research Group*, found that Oregon's economy and job base are more transportation dependent than most other states. Oregon's is the 9th most trade dependent economy in the country with more than 400,00, or 1 in 5 jobs either transportation reliant or transportation dependent according to the analysis.

Oregon invests less per capita than any other western state on transportation. In addition, Inflation will reduce the purchasing power of the existing fuel tax by 40-50% over the next 25 years. As the result Oregon firms from all sectors and geographic areas of the state are being impacted by under-investment in the transportation system.

Sound transportation systems are critical to virtually every traded sector in Oregon. Oregon's major industries from high technology and forest products to food processing and sports apparel depend on a strong transportation network to move customers, employees, goods and supplies. Some businesses are making decisions today to move operations out of the state due to a lack of efficient, reliable and timely highway connections. Others are struggling with the cost of remaining competitive within an outmoded system. *(Talk about impact on your own company or regional economy.)*

What can we do about this critical issue? Oregon business leaders from across the state have come together to advocate for additional transportation investment in the state's roads and highways this legislative session. Additional investments of $300-350 million called for in the Oregon Business Plan will begin to address the growing gap between available funds and the most critical unmet system needs.

Now is the time to invest in all forms of transportation. We must invest in Oregon's transportation system to ensure it is strong, diverse and efficient. Unless the state's lawmakers, business community and citizens come together to address our transportation challenges, Oregon roads will continue to deteriorate and congestion will increase. This will increase travel costs for people, services and goods and decrease our state's business competitiveness. A clear course of action and a clear set of shared priorities will ensure Oregon's ability to compete in the global economy remains strong. The Oregon legislature should act this session with a substantial transportation-funding package.

(Name) is (title) of (organization). For more information about The Cost of Highway Limitations and Travel Delay to Oregon's Economy study, contact Jeremy Rogers at Oregon Business Council, 503-595-7608 or jrogers@orbusinesscouncil.org.

Transportation & Competitiveness:

Investing in Oregon's Economy

Oregon's economy depends on good transportation

- Over 400,000 Oregon jobs, or 1 in 5, are transportation-related or reliant.
- Oregon is the 9th most trade dependent state in the U.S.
- A new statewide economic analysis finds that investing adequately in transportation could result in $1.7 billion annually in economic growth and 16, 000 jobs by 2025.*

The challenges are growing

- Oregon's population is expected to grow 41% by 2030.
- Freight volumes are expected to grow 80% by 2030, with most of the increase carried by trucks.
- Inflation will reduce the purchasing power of the fuel tax by 40-50 % over 25 years.
- Oregon invests the least per capita of any western state on transportation.
- Current resources do not meet the needs for maintenance and new projects and the funding gap is widening every year we don't take action.

Investment is needed in critical areas

- Meeting only the most critical 20% or less of unmet needs will require an increase in funding of approximately $570 million per year (*ODOT: Critical Needs Assessment*)
    - Maintain the existing system and preserve its value - $240 million.
    - Use technology to improve safety and reduce costs - $30 million.
    - Make strategic investments in capacity - $300 million

Expected outcomes of additional investment

- *A safer, more reliable transportation system.* Proactively repairing or replacing aging drainage features, such as culverts, reduces the risk of catastrophic failures that close roads. Similarly, better safety features, such as illumination and guardrails, reduces the risk of crashes. Increased investment in this area also means quicker and better response to weather events (snow and ice), so roads are made safe and open for travel as quickly as possible.

- *More fluid freight movement and improved access to industrial sites and employment centers,* saving money as freight can be delivered more quickly and on a predictable schedule.

- *Fewer bottleneck and reduced congestion.* A new statewide shows that businesses could save as much as $784 million annually through reduced travel mileage and travel time and that households could save up to $813 million annually through personal time savings and $109 million annually through lower vehicle operating costs associated with reduced congestion.

- *Improved efficiency of operations.* The use of new technology can minimize delays by synchronizing traffic signals so that they work as a system rather than intersection by intersection. Travelers get more information more quickly from cameras, maps showing travel speeds, variable message signs, and road reports on the internet. Responding to incidents, like crashes, more quickly makes operations more efficient because incidents account for about half of the total delay time in urban areas

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* *The Cost of Congestion and Traffic Delay to Oregon's Economy. Economic Development Research Group. March 2007*

Business Coalition Proposal

January 2008
- $25 Annual Registration Fee increase (current fee $27 annual)
- $10 Per Title Transaction Fee increase (current fee $55 per transaction)
- 4 cent gas tax increase

January 2009
- 3 cent gas tax increase

January 2010
- 2 cent gas tax increase

January 2011
- 2 cent gas tax increase

TOTAL **Approximately $350 Million per year**

Beginning January 2012
- Index the gas tax to the Consumer Price Index to offset the effects of inflation*

Note – The additional revenue raised by the fee increases above reflects commensurate increases in heavy vehicle title, registration, and weight mile fees paid by in-state and interstate trucks.

*An interim working group of policy-makers and stakeholders should identify and support a plan for long-term, sustainable funding of safety improvements, capacity enhancements and the maintenance and preservation of Oregon's transportation infrastructure.

Notes:

(1) $350 Million split 50/30/20 –
- $175 million state highway program
- $175 million cities and counties
  - $105 million county road program
  - $70 million city street program

(2) State split supports the Oregon Transportation Plan
- Preservation and Maintenance $35 million
- Make the System Work Better - $12 million
- Freight Mobility - $70 million
- Congestion Relief - $58 million

(3) 25% ($26.25 million of county money and $17.5 million of city money) to be used for projects on those respective systems that improve freight mobility or relieve congestion on the state system. These projects are to be proposed by cities and counties in consultation with ODOT and approved by the Oregon Transportation Commission. These funds may be considered as matching funds for state and federal projects. This allocation percentage will be applied to any new highway revenues raised at the state level in the future.

(4) State and local governments will report the projects in their road or capital improvement plans that improve freight mobility or relieve congestion to the Oregon Legislature to assure alignment between government investments and the Oregon Transportation Plan.

(5)20 percent of the Freight Mobility and Congestion Relief fund could be bonded to fund about $300 million for Freight and Congestion projects.

Transportation Finance Facts and Figures

- Spending on state highway-related programs (Oregon Transportation Plan)
  - Current annual expenditures: $786.5 million
  - Annual average feasible needs: $1. 27 billion
  - Funding Gap: $490.9 million

- Oregon's vehicle registration and title fees are relatively low compared with other states

  - Vehicle Registration Fee of $27 is 47th in the nation. An increase of $20 would put Oregon at 42nd in the nation. An increase of $50 would put Oregon at 32nd. Oregon has a lower vehicle registration fee than any neighboring state. Washington's registration fee is more than double that of Oregon's.

  - Oregon' auto title fee of $55 per title transaction (issuance, transfer, replacement) is 38th among the states and the District of Columbia. Most states assess an excise tax, property tax or equivalent when owners title a vehicle. South Carolina is the next state with a title fee higher than Oregon's title fee. It costs $315 to title a vehicle in South Carolina ($15 plus an excise tax capped at $300). Oregon would have to raise its title fee by $260 to change its position relative to other states.

- Oregon's gas tax at 24 cents per gallon ranks 16th in the nation.

  - Washington State has the nation's highest gas tax at 34 cents (37.5 cents by 2009). Washington raised its gas tax by 5 cents in 2003 and by 9.5 cents in 2005. The 2005 proposal was enacted by the legislature but placed on the ballot by citizen activists. Voters approved the measure.
  - Idaho has a state gas tax of 25 cents/gallon
  - California has a flat rate tax of 18 cents, plus a 6% sales tax, bringing the total for a gallon at $2.50 to 33 cents.

- Oregon used to raise the gas tax regularly to meet highway and roadway needs. However, the tax has not been raised since 1993. If we had raised the gas tax to keep up with inflation, we would currently be near 35 cents/gallon, an 11-cent increase.

- Adjusted for inflation, the spending power of the tax will be reduced by 40-50% by 2030.

- The total cost of automobile related taxes in neighboring states is dramatically higher than in Oregon. A 2004 analysis shows that in equivalent cents/gallon, the total automobile related taxes and fees in Oregon are roughly one-third that of California and Washington and one-half that of Idaho. With Washington's recent investments in transportation, these differences are likely even greater today.

- Revenue raising equivalents of various taxes/fees:

  - A 1 cent increase in the gas tax generates $25 million annually
  - A $10 increase in vehicle registration fee raises $25 million
  - A $10 increase in vehicle title fee raises $15 million annually