

**A G E N D A**

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TEL 503-797-1916 | FAX 503-797-1930



**METRO**

**MEETING: JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION RETREAT**

**DATE: October 17, 2008**

**TIME: 8:00 a.m. – 3:30 p.m.**

**PLACE: Oregon Zoo, Skyline Room**

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|-----------------|----|---|--|
| <b>8:00 AM</b>  | 1. | <b>WELCOME &amp; RETREAT OVERVIEW</b>   | Rex Burkholder, <i>Chair</i><br>Michael Jordan, <i>Facilitator</i>                                       |
| <b>8:15 AM</b>  | 2. | <b>OREGON LEGISLATIVE AGENDA</b> <ul style="list-style-type: none"><li>• Discussion of regional position on state transportation finance package</li></ul>  | Randy Tucker &<br>Regional Lobby Group   |
| <b>9:45 AM</b>  | 3. | <b>BREAK</b>  |  |
| <b>10:00 AM</b> | 4. | <b>FEDERAL TRANSPORTATION BILL</b> <ul style="list-style-type: none"><li>• Overview of federal reauthorization landscape</li><li>• Review of regional policy and project position</li><li>• Washington, DC Trip strategy<ul style="list-style-type: none"><li>○ Should we divide the annual trip into two trips, where one trip is focused on policy discussion and the other on the regional project list?</li></ul></li></ul> | Peter Peyser, <i>Blank Rome Government Relations</i><br>Andy Cotugno<br><br>Rex Burkholder, <i>Chair</i> |
| <b>11:30 AM</b> | 5. | <b>GREATER REGIONAL DISCUSSION</b> <ul style="list-style-type: none"><li>• Update on OMPOC Greater Regions Project and ODOT Research Project on MPOs and ACTs</li><li>• Implications for JPACT</li></ul>  | Tom Kloster<br><br>Rex Burkholder, <i>Chair</i>  |
| <b>11:45 AM</b> | 6. | <b>LUNCH</b>  |  |

- |                 |     |  |  |
|-----------------|-----|--|--|
| <b>12:00 PM</b> | 7.  | <b>IMPLICATIONS TO JPACT</b> <ul style="list-style-type: none"> <li>• Should we reconfigure how JPACT works and/or functions?</li> <li>• How do we coordinate within an expanded area around Metro?</li> <li>• Should JPACT review its membership?</li> <li>• How should JPACT operate relative to: <ul style="list-style-type: none"> <li>○ county coordinating committees</li> <li>○ MPAC, TPAC</li> </ul> </li> </ul> | Rex Burkholder, <i>Chair</i><br>Michael Jordan, <i>Facilitator</i>                   |
| <b>1:00 PM</b>  | 8.  | <b>ADJOURN JPACT RETREAT</b>   | Rex Burkholder, <i>Chair</i>   |
| <b>1:15 PM</b>  | 9.  | <b>RECONVENE FOR THOSE INTERESTED AND ABLE TO STAY</b> <ul style="list-style-type: none"> <li>• Brainstorming of federal reauthorization policy and lobby strategy</li> </ul>  | Peter Peyser, <i>Blank Rome Government Relations</i><br>Andy Cotugno<br>Olivia Clark |
| <b>3:30 PM</b>  | 10. | <b>ADJOURN SMALL GROUP MEETING</b>   |  |

NOTE: Lunch will be provided for members and alternates.

- \* 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 Kelsey Newell at 503-797-1916, e-mail: [kelsey.newell@oregonmetro.gov](mailto:kelsey.newell@oregonmetro.gov).  
To check on closure or cancellations during inclement weather please call 503-797-1700.*

**2008 JPACT Work Program**  
**10/10/2008**

<p><b><u>October 8, 2008 - The Future is Here: Is Business As Usual Good Enough?</u></b>  Oregon Convention Center, Portland Ballroom (Rms. 256-257) from 4 – 7 p.m.</p> <p><b><u>October 17<sup>th</sup> – JPACT</u></b>  Oregon Zoo, Skyline Rm. from 8 – 3:30 p.m.</p> <ul style="list-style-type: none"> <li>• State Legislative Agenda</li> <li>• Federal Transportation Bill – Policy &amp; Project Priorities, DC Trip Planning</li> <li>• Greater Regional Discussion</li> <li>• Federal Reauthorization Policy and Lobby Strategy</li> </ul> <p><b><u>October 22<sup>nd</sup> – Additional Meeting</u></b>  Oregon Convention Center, Portland Ballroom (Rms. 256-257) from 5 – 7 p.m.</p> <ul style="list-style-type: none"> <li>• Joint JPACT/MPAC Meeting – Land Use Scenarios Review and Discussion</li> </ul>	<p><b><u>February 12, 2009 – Regular Meeting</u></b></p> <p><b><u>February 13<sup>th</sup> – Joint JPACT/Council Hearing on MTIP</u></b></p>
<p><b><u>November 12, 2008 – Additional Meeting</u></b>  Oregon Convention Center, Portland Ballroom (Rms. 256-257) Chambers from 5 – 7 p.m.</p> <ul style="list-style-type: none"> <li>• Joint JPACT/MPAC Meeting – RTP Scenarios Direction</li> </ul> <p><b><u>November 13<sup>th</sup> – Regular Meeting</u></b></p> <p><b><u>MTIP Hearings</u></b></p>	<p><b><u>March 12, 2009 – Regular Meeting</u></b></p> <ul style="list-style-type: none"> <li>• Final MTIP Approval</li> </ul> <p><b><u>March 10 – 12<sup>th</sup></u></b>  Washington, DC Trip</p>
<p><b><u>December 10, 2008 – Additional Meeting</u></b>  Oregon Convention Center, Portland Ballroom (Rms. 256-257) from 4 – 7 p.m.</p> <ul style="list-style-type: none"> <li>• Joint JPACT/MPAC Meeting – Framing all of the choice – scenario policy implications and choices – Discussion</li> </ul> <p><b><u>December 11<sup>th</sup> – Regular Meeting</u></b></p> <ul style="list-style-type: none"> <li>• Adopt regional position on state and federal funding strategy</li> <li>• Principles for Guiding RTP System Development – Discussion</li> </ul>	<p><b><u>April 9, 2009 – Regular Meeting</u></b></p> <ul style="list-style-type: none"> <li>• Portland Metropolitan Area Compliance with Federal Transportation Planning Requirements – Certification</li> <li>• Federal Fiscal Year 2010 Unified Planning Work Program – Adoption</li> </ul>
<p><b><u>January 15, 2009 – Regular Meeting</u></b></p> <ul style="list-style-type: none"> <li>• Policy Direction on MTIP Final Narrowing</li> <li>• Report on Federal Quadrennial Certification</li> <li>• Confirm Principles for Guiding RTP System Development – Action</li> </ul> <p><b><u>January 23<sup>rd</sup> – JPACT Retreat</u></b>  Location TBD from 8 – 1 p.m.</p> <ul style="list-style-type: none"> <li>• 2009 Work Program</li> <li>• Washington Visit</li> <li>• Greatest Places Update</li> </ul>	<p><b><u>May 14, 2009 – Regular Meeting</u></b></p> <ul style="list-style-type: none"> <li>• Direction on Regional Funding Package</li> </ul>

<b><u>June 11, 2009 – Regular Meeting</u></b>	<b><u>August 13, 2009 – Regular Meeting</u></b>
<b><u>July 9, 2009 – Regular Meeting</u></b>	<b><u>September 10, 2009 – Regular Meeting</u></b>

Parking Lot:

- When to Consider LPA/RTP Actions for Sunrise, I-5/99W, Sellwood Bridge
- ODOT Tolling Policy
- ODOT Study of MPOs and ACTs
- Involvement with Global Warming Commission
- AOC Annual Conference = Nov. 17-21<sup>st</sup>
- LOC Annual Conference = Oct. 2- 4<sup>th</sup>
- Status Reports from TOD, RTO, ITS
- Freight System Plan Adoption



**Date:** October 10, 2008  
**To:** Joint Policy Advisory Committee on Transportation  
**From:** Randy Tucker  
**Re:** 2009 State Transportation Funding Package

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Earlier this year, JPACT and the Metro Council adopted Resolutions 08-3921 and 08-3956 (in retreat packet), which laid out principles and priorities to guide the region's participation in the development of a transportation funding proposal to be considered by the 2009 Oregon Legislature. Meanwhile, throughout 2008, several committees established by Governor Kulongoski have been working to develop a 2009 transportation package, as well as a framework for longer-term, more fundamental changes in the way Oregon builds, maintains, operates, governs, and funds its transportation infrastructure.

The work of the various committees established by the Governor is being consolidated into a single report by the Transportation Vision Committee. That report will not be completed until the end of October at the earliest. The Governor and the Legislature may or may not embrace all of the elements of the Vision Committee's recommendation.

This staff report provides background for a discussion of how the region might adapt its adopted priorities to most effectively participate in the effort to pass a state transportation package.

**Funding level and sources:**

At this time it appears the Vision Committee will recommend a relatively robust level of new funding for both roads and multimodal investments, generally of the order of magnitude called for in Resolution 08-3956. New revenues would come from several sources; the ultimate funding package will depend on the political realities of the session, but sources under discussion for road projects include some mixture of increases in the gas tax, vehicle registration fee, and title fees, as well as a new title fee for vehicles registered in Oregon for the first time (legislation calling for this fee has been introduced during the last couple of sessions). This fee might vary based on vehicle fuel economy.

The committee has established a goal not only of significantly increasing the funding for transit and other multimodal transportation facilities and services, but also of creating a fund statutorily dedicated to Oregon's non-highway transportation needs. However, there is a limited range of funding options for these investments. The two main sources under consideration at the state level for non-road spending are lottery funds and flexible federal dollars currently used for roads.

In addition to allocating more state funding to transit, legislation may be forthcoming to allow transit providers to raise more funds at the local level.

### **The lottery and multimodal investments:**

The lottery has been looked to as a critical funding option for multimodal investments, including transit, freight, and bike/pedestrian projects. Specifically, ConnectOregon I and II (2005 and 2007) have been funded by lottery dollars, as would a proposed ConnectOregon III in 2009. Lottery funds were awarded to the Portland/Milwaukie light rail project and the Portland Streetcar loop in 2007; next session, lottery funds are being sought to support a ConnectOregon-style (competitive, match-based) trails funding program and other multimodal investments.

However, the lottery is under pressure, both directly and indirectly, from initiatives on the November ballot. Measure 62 would dedicate 15% of lottery profits to crime prevention, investigation and prosecution and early childhood programs. Measures 57 and 61 would increase sentences for certain property and drug crimes, leading to significant new state obligations that could require more lottery dollars to backfill the general fund to pay for education and economic development. The passage of any of these measures would complicate efforts to significantly increase spending on non-highway projects and services.

### **Local flexibility:**

Several issues related to local flexibility have been raised in the Vision Committee's discussions:

- **Voting requirement for local option fees:** A tentative proposal to remove this requirement has been met with opposition from AAA.
- **"Spiderweb":** The Vision Committee has discussed removing the requirement that agreement be reached among local jurisdictions before the adoption of a local option vehicle registration fee.
- **Cap on local VRF:** The committee also is considering a recommendation to eliminate the statutory limitation on the level of a local vehicle registration fee.
- **Local tolling authority (including Willamette River bridges):** Not under discussion in the Vision Committee, though there has been more general discussion of pricing.

### **Policy changes and new approaches:**

The Vision Committee was charged with developing a long-term vision for transportation in Oregon as well as a legislative package for 2009. Several ambitious concepts under discussion in the Vision Committee may be included in a 2009 package in some form or might be viewed as longer-term reforms. These concepts include:

- **Climate change:** In addition to increased funding for transit and other alternatives, a proposal is being floated for the Legislature to adopt new requirements for MPOs to develop integrated land use and transportation plans to ensure that growth in driving does not violate climate standards. This concept is inspired by the recent passage of legislation in California that links climate, land use, and transportation funding.
- **Transportation Utility Commission:** A proposal has been put forward by OBC to take the initial steps toward the development of a utility approach to rationalize transportation funding and investment. A TUC would have limited powers at first, mainly focused on the development of its own protocols.

- **Least cost planning:** The Vision Committee will recommend that Oregon move toward development and implementation of a least cost planning model to govern the way it provides transportation services. This would entail an increased focus on demand management and consideration of multiple objectives, externalities, and full life cycle costs in evaluating transportation investments. The committee recommends that while this model is being developed, the STIP stakeholder group should develop new interim criteria for project selection. These principles would address traditional metrics (congestion relief, safety, operational effectiveness, economic competitiveness) as well as issues like return on investment, compact urban development, environmental stewardship, and climate change.

**Next steps:**

The Governor is expected to release his recommended package in early November. After reviewing his proposal, JPACT might consider endorsing some or all of the Governor's package at its December meeting, and plan for other actions in support of a legislative package that embodies the region's priorities.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING ) RESOLUTION NO. 08-3921  
REGIONAL PRIORITIES FOR STATE )  
TRANSPORTATION FUNDING ) Introduced by Councilor Rex Burkholder  
LEGISLATION )

WHEREAS, an efficient and adequately funded transportation system is critical to ensuring a healthy economy and livable communities throughout the state of Oregon; and

WHEREAS, the Portland metropolitan region has become a national model for how strategic transportation investments combined with regional land use planning can improve community livability and environmental quality while supporting a strong economy; and

WHEREAS, despite the important investments that have been made possible since 2001 by three Oregon Transportation Improvement Acts and two "ConnectOregon" multimodal packages, the state and the Portland region remain several billion dollars short of what is needed to adequately address essential transportation needs over the next 20 years; and

WHEREAS, investments in maintaining and expanding transportation facilities in the Portland region are especially critical in light of the fact that the region's population is expected to grow by approximately one million people by 2030; and

WHEREAS, freight volumes are expected to increase even more quickly than population over that same time period; and

WHEREAS, additional funding to address these transportation needs will create or sustain thousands of jobs and help stimulate the economy of the region and the state; and

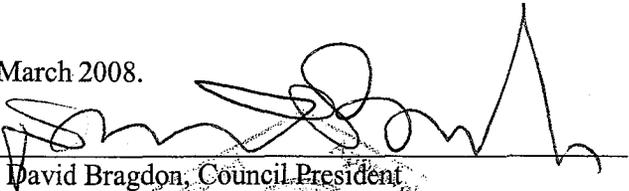
WHEREAS, it is critical that we plan and fund the region's transportation system in such a way as to confront the challenge posed by global climate change; and

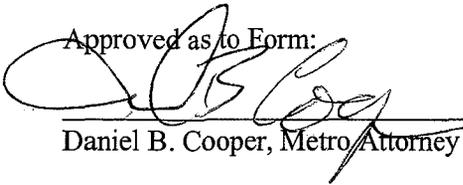
WHEREAS, it is in the interest of local governments inside Metro to jointly seek additional transportation funding from the 2009 Oregon Legislature; and

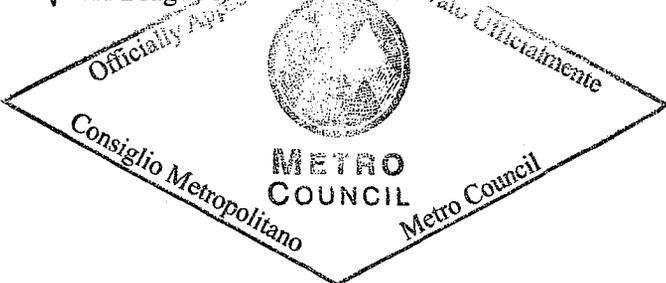
WHEREAS, Governor Kulongoski and legislative leaders have declared that passage of a transportation funding package will be a top legislative priority in 2009; now, therefore,

BE IT RESOLVED that the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT) endorse a set of principles to guide the region's participation in the development of a state legislative funding proposal to be considered by the 2009 Oregon Legislature, as described in Exhibit A of this resolution, entitled "Metropolitan Region Principles for Legislative Transportation Funding Package in 2009".

ADOPTED by the Metro Council this 13<sup>th</sup> day of March 2008.

  
David Bragdon, Council President

Approved as to Form:  
  
Daniel B. Cooper, Metro Attorney



# **Metropolitan Region Principles For a Legislative Transportation Funding Package in 2009**

**We, the local governments of the Portland Metropolitan Region, believe:**

The mounting inadequacy of funding for modernization and maintenance of Oregon's transportation system:

- Threatens the state's economy.
- Harms the long term livability of our communities.
- Undermines public safety.
- Places the long term value of previous investments at risk.
- Contributes to global climate change and energy insecurity.

To solve this transportation funding crisis, and to guide critical decisions on transportation, we, the undersigned, support the following principles:

## **MAKE STRATEGIC INVESTMENTS**

- Adopt a significant, coordinated, comprehensive, long-term transportation funding package that addresses the needs of the entire state through investments at the state, regional, and local levels.
- Ensure that any transportation funding package is responsive to the specific needs of Oregon's metropolitan areas.
- Recognize the mutually dependent relationship between our land use and transportation systems, and between these systems and the state's economic competitiveness.
- Invest transportation revenues in a multi-modal program that provides statewide economic benefits and produces a high return on investment.
- Allocate sufficient funds to address critical safety needs in communities statewide, and to support the maintenance and preservation of new and existing transportation facilities.

## **REINFORCE OREGON'S LIVABILITY AND SUSTAINABILITY**

- Design transportation investment programs to reward practices that best enhance the State's goals with respect to public health and safety, livability, global climate change, economic prosperity and environmental stewardship.

## **INVEST IN ECONOMIC COMPETITIVENESS**

- Invest in key projects that strengthen freight movement, improve system reliability and safety, and expand access and transit to traditional downtowns and other centers of commerce.

## **MAINTAIN FLEXIBILITY AND EQUITY FOR LOCAL GOVERNMENTS**

- Allow and encourage innovative approaches and funding mechanisms to meet the differing needs of Oregon's state, regional, and local transportation systems.
- Facilitate or expand funding authorities available to local and regional governments and eschew unfunded mandates.
- Address state and local transportation needs through the distribution formula providing 50% to the state, 30% to counties, and 20% to cities, and maximize local flexibility as to how these funds may be used.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING ) RESOLUTION NO. 08-3956  
REGIONAL PRIORITIES FOR STATE )  
TRANSPORTATION FUNDING ) Introduced by Councilor Rex Burkholder  
LEGISLATION )

WHEREAS, an efficient and adequately funded transportation system is critical to ensuring a healthy economy and livable communities throughout the state of Oregon; and

WHEREAS, the Portland metropolitan region has become a national model for how strategic transportation investments combined with regional land use planning can improve community livability and environmental quality while supporting a strong economy; and

WHEREAS, despite the important investments that have been made possible since 2001 by three Oregon Transportation Improvement Acts and two "ConnectOregon" multimodal packages, the state and the Portland region remain several billion dollars short of what is needed to adequately address essential transportation needs over the next 20 years; and

WHEREAS, investments in maintaining and expanding transportation facilities in the Portland region are especially critical in light of the fact that the region's population is expected to grow by approximately one million people by 2030; and

WHEREAS, freight volumes are expected to increase even more quickly than population over that same time period; and

WHEREAS, additional funding to address these transportation needs will create or sustain thousands of jobs and help stimulate the economy of the region and the state; and

WHEREAS, it is critical that we plan and fund the region's transportation system in such a way as to confront the challenge posed by global climate change; and

WHEREAS, it is in the interest of local governments inside Metro to jointly seek additional transportation funding from the 2009 Oregon Legislature; and

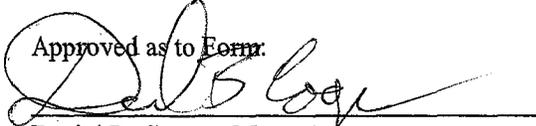
WHEREAS, Governor Kulongoski and legislative leaders have declared that passage of a transportation funding package will be a top legislative priority in 2009; and

WHEREAS, by Resolution No. 08-3921, the region adopted "Metropolitan Region Principles for Legislative Transportation Funding Package in 2009," adopted by the Metro Council on March 13, 2008; and

WHEREAS, the priorities for funding established by this resolution are consistent with those principles; now therefore

BE IT RESOLVED that the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT) endorse transportation funding priorities for the 2009 legislature as reflected in Exhibit A to this resolution.

ADOPTED by the Metro Council this 26<sup>th</sup> day of June 2008.

Approved as to Form:  
  
Daniel B. Cooper, Metro Attorney

  
David Bragdon, Council President  
Officially Approved / Approvato Ufficialmente  
Consiglio Metropolitan / Metro Council  
  
METRO COUNCIL

**Portland Metro Area Transportation Priorities for the 2009 Oregon Legislature**

**Policy**

**Do No Harm:** Do not enact preemptions of local government revenue-raising authority. The transportation funding challenge will require new funding commitments at all levels of government.

**50-30-20 Funding Distribution:** Protect the established state funding formula to ensure distribution of new state-wide transportation resources as follows: 50 percent to the state, 30 percent to counties, and 20 percent to cities (“50-30-20”).

**Protect Existing Assets:** Oregon should protect its billions of dollars of existing transportation assets by prioritizing maintenance and preservation. New modernization projects should be funded from the state’s 50% share of new resources.

**Remove Local Restrictions:** Remove the requirement that county-approved vehicle registration fees must be agreed to by neighboring counties in the region.

**Remove Willamette Bridge Tolling Restrictions:** Eliminate existing statutory restrictions on local authority to establish tolls on Willamette River bridges in the region.

**Establish A Sustainable Funding Model:** With per-capita gas tax revenues in decline, Oregon should continue efforts to establish use-based transportation revenue from sources such as congestion pricing, tolls, and/or vehicle-miles-traveled fees, while maintaining cost responsibility between light vehicles and trucks.

**Jurisdictional Transfers:** The state should work in partnership with local jurisdictions by supporting the transfer of state-owned district highways that define arterial or multi-modal corridors, including road rehabilitation and permanent funding for maintenance.

**New Revenues**

**Road Maintenance and Construction:** New state investments in our transportation system are desperately required to address backlogged maintenance, critical safety and freight mobility projects, demand management, and bike/pedestrian projects. A 12-cent gas tax merely returns the buying power of the fuel tax to 1993 levels.

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|--|-------------------------------|
| ➤ <b>Raise the gas tax 14¢</b>           | <b>\$400 million per year</b> |
| ➤ <b>Increase the annual VRF to \$54</b> | <b>\$150 million per year</b> |
| ➤ <b>Index the gas tax to inflation</b>  | <b>+\$20 million per year</b> |

**Invest in Transit:** Devote new resources (including new lottery funds) to expanding bus, light rail, commuter rail, streetcar, and other public transit services and facilities that support the state’s CO<sub>2</sub> emissions reduction goals and efficient land use.

- **New Commitment to Transit:** Identify new, ongoing state funding to support transit.
- **Flexible Funds:** Instruct ODOT to use more flexible federal funds for public transit.
- **Elderly and disabled transit:** Increase funding for the state’s Elderly & Disabled transit program.
- **Transit Oriented Development (TOD):** Leverage private development and maximize the value of transit investments by supporting local TOD projects.

**ConnectOregon III:** The state’s successful multi-modal investment program should be continued with a third round of project funding.

### **Principles for Agreement on a Regional Transportation Package**

The Portland Metropolitan Region's leaders agree to pursue a transportation funding proposal following the 2009 legislative session within the following framework:

1. The proposal will be brought to the voters as a single, regional measure covering the entire tri-county area, so that transportation needs within the UGB and in rural areas outside the UGB can be addressed.
2. A. The target for placing the proposal on the ballot is May 2010. This will allow time after the 2009 legislative session for the region's leaders to craft a specific ballot proposal that can win voter approval.  
  
B. A firm decision is needed by July 2009 on whether or not to refer a regional ballot measure in order to allow local jurisdictions the time to refer their own measures if a regional measure does not advance.
3. The funding source is an increase in the vehicle registration fee, seeking to raise more than \$1 billion over twenty years.
4. The proposal will fund:
  - A. Several large projects throughout the region. Funds will be allocated on a proportionate-use or economic importance basis (e.g. funds from each county will be contributed based on use of the facility by county residents).
  - B. City and county projects. Projects and distribution of funds within each county will be based on funds raised from residents in that county. Projects will be determined by each county and its cities.
  - C. Alternative mode-supporting facilities (sidewalks and other pedestrian facilities, bike lanes, boulevards, etc). Projects and distribution of funds within each county will be based on funds raised from residents in that county. Projects will be determined by each county and its cities.
  - D. Freight-mobility projects. The amount of funding for these projects will be linked to cost responsibility from freight carriers.
5. Some large projects under 4A. may require bond financing, but projects under 4B. and 4C. will be funded on a cash-flow basis.
6. Cities, the three counties, Metro, and TriMet will enter into intergovernmental agreements to meet the requirements of ORS 801.041.
7. A companion transit proposal will be developed to ensure that voters can consider a balanced funding package.
8. With the passage of a ballot measure, MTIP funds will be flexed to fund non-road projects (projects that cannot be funded with highway-related funds), focused on Metro Planning, TOD, RTO, ITS, Regional Trails, and Regional Rail projects.



METROPOLITAN  
TRANSPORTATION  
COMMISSION



August 1, 2008

David Bragdon, President  
Metro Council  
600 NE Grand Ave.  
Portland, OR 97232

Rex Burkholder, Chair  
Joint Policy Advisory Committee on Transportation  
600 NE Grand Ave.  
Portland, OR 97232

Ric Stephens, Chair  
Urban Land Institute, Oregon/Southwest Washington District Council  
5410 NE 32<sup>nd</sup> Place #2  
Portland, Oregon 97211

Gentlemen:

Thank you for the opportunity to address your constituents in the Portland metropolitan area on our experience in financing regional transportation infrastructure. You are to be commended for your efforts to take a leadership role in solving this vexing problem. We hope you find the insights that we shared with the group helpful. The Portland region has shown leadership in the past and has many successes of which to be proud.

The issue of financing the maintenance, operations, management and expansion of a region's transportation infrastructure is particularly challenging and you are not alone in this undertaking. The most important advice that we can give you is to be bold and take control of your own destiny. The federal and state government will not solve your problem for you. While federal and state legislative initiatives may ultimately be an important part of your strategy, these actions by themselves will not meet your needs.

Attached for your consideration is a summary of the key messages we collectively shared with the group.

Sincerely,



Steve Heminger, Executive Director  
San Francisco Bay Area  
Metropolitan Transportation Commission



Michael Morris, Director of Transportation  
North Central Texas  
Council of Governments



Bob Paddon, V.P. of Corporate and Public Affairs  
Translink  
South Coast British Columbia



David Kerr, Managing Director  
RREEF Infrastructure Investments  
The Deutsche Bank Group

Enclosure

Transportation Finance Expert Panel  
Summary of Recommendations

1. Seize your own destiny. If you have revenue-raising authority, use it. Refer your own package to the voters. Be bold. Don't sit back and wait for the state and federal government to take care of your problems, they will not be able to fix them. Make clear to your Legislature that you are doing the responsible thing by addressing your own transportation needs. Seize the high ground.
2. Lead with a vision that is compelling to the public. Then define specific projects and programs proposed to implement that vision with a specific budget and schedule. Lastly, pursue the revenue strategy. Lead with the outcomes you are seeking and let the logical institutional arrangements follow.
3. Play to your strength as the best in the country at linking land use, multi-modal transportation, environmental quality and livability as the framework for your vision. With energy and climate change being such a big issue in the public's consciousness, the Portland area is the best positioned in the US to be successful.
4. Leverage the public attitude and awareness that things are different in the Portland region as compared to elsewhere in the country and the public is proud of that. Play on that pride. Particularly with public votes, organize investments around the areas where you are already succeeding.
5. Political leadership is essential for success in developing new or expanded financing mechanisms. Political leadership must be high profile and carry the issue through to the end.
6. You are a region of about 1.5 million people growing to 3 million people. It's your job to stand up and act like a region of 3 million people instead of being stuck in the mindset of a region of 1 million people.
7. Tolls are a critical tool for both financing and demand management. They should be pursued in all locations feasible, not simply by waiting to see how things play out on the Columbia River Crossing. Policy makers and the public should be challenged to grapple with the financing alternatives for proposed major highway projects – taxes vs. tolls. HOT lanes are particularly effective in high congestion areas, because the motorist has a choice between the free lane and the priced lane. Be bold, but be careful to not take a misstep in moving prior to adequate discussion. Tolls are controversial and handled badly can lead to a serious set-back (like Newberg-Dundee Bypass). Discussions about tolling existing facilities can be especially volatile.

8. Engage the public on a consistent, sustained basis. Develop a continuous schedule of public information topics. Capitalize on high profile events with publicity, create a commotion, and develop public interest. Publicize actions that demonstrate efficiency and effectiveness of the government agencies and the operation of the system. Use alternative methods such as Vancouver BC's "web panel" discussions. The efficiency message needs to be absolutely hammered.

Think of the analogy of the paddle wheel on a sternwheeler. The wheel turns continuously with paddles emerging from and hitting the water one after another. Your public information campaign should follow this same pattern: you should always have another paddle (a project, a program, a decision, a crisis, etc.) coming up.

9. Previous generations made substantial investments in infrastructure that provided a significant margin for growth that has now been used up. We should not leave this crumbling infrastructure to future generations to address. Draw attention to the deteriorated condition of key pieces of infrastructure in the public consciousness.
10. Design your process to intentionally contribute to your desired outcome. Define a deadline or urgent situation that demands a conclusion.
11. Take a leadership role in addressing unresolved issues; help break the logjam.
12. Public Private Partnerships (PPPs) should be demystified. They can be an effective delivery mechanism to increase accountability and assign appropriate risk to the public and private entity. Don't leave PPPs to be the "solution" to those projects at the end of the priority list, when you've run out of funds. Lead with the projects that people want, using public-private partnerships as a delivery mechanism. They are a means to the end, not the focus of attention.

PPPs are most appropriate where a stream of revenue can be dedicated by the public entity to the private entity in exchange for building and operating the facility. PPPs aren't the "silver bullet" to fix the region's funding problems but may be appropriate where expansion projects are planned in high growth corridors to be paid for through growth in revenue generated by the users (i.e. tolls, container fees, development fees, etc.)

## **DRAFT #2**

### **Portland Metropolitan Area Federal Transportation Authorization Priorities**

October 1, 2008

#### **Preamble**

Americans are confronting a new era of high gas prices, rapidly escalating construction costs, deteriorating infrastructure, global climate change and the need to reduce greenhouse gases, the virtual bankruptcy of the federal highway trust fund, an aging population and increased global competition. Not since President Thomas Jefferson commissioned the Gallatin Report or since the energy crisis of the 1970's has our country more urgently needed a new approach to our national transportation policy and an increased federal investment.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was enacted August 10, 2005. SAFETEA-LU authorizes the Federal surface transportation programs for highways, highway safety, and transit for the 5-year period 2005-2009, expiring September 30, 2009. The House Transportation and Infrastructure Committee has initiated the authorization process for the new 5-6 year period through a series of hearings to solicit input and share proposals.

As Congress considers transportation priorities for a new era, the Portland, Oregon, Metropolitan Region offers the following proposals. Our approach is based on both our experience with the integration of transportation and land use policy and our regional concern for livable communities and a healthy environment. We strongly believe that future investments in transportation must preserve our existing assets, protect our environment and provide modal choices for the movement of goods and people.

The next transportation authorization bill will encompass a very broad range of policy, programmatic and funding issues. The purpose of this paper is to define those elements of the bill that are of greatest concern to the Portland metropolitan area. This is presented in two parts: first, those issues that represent the most significant, overarching directions that the Portland region believes the bill should be structured around and second, a more detailed compilation of recommendations on aspects of the bill that impact the Portland region and for which the region is offering specific recommendations.

#### **Priority Recommendations:**

1. Recognize metropolitan mobility as a key area of federal interest and establish a program structure to address a defined set of expected outcomes that provide the metropolitan area with adequate tools to implement a comprehensive program of multi-modal improvements.

2. Retain and reform the New Starts/Small Starts program as a significant funding tool (rather than folding it into the Metropolitan Mobility program).
3. Establish a program to address the movement of freight into and through metropolitan areas and across the country to ensure the federal interest in interstate commerce is addressed.
4. Provide funding to maintain and manage the existing transportation asset with funding levels and program requirements tied to expectations on the condition of the system.
5. Provide a realistic funding increase tied to the outcomes that the federal legislation calls for. If there isn't a funding increase, the program will have to be reduced by some 40% or more. If this is the case, managing and maintaining the existing asset will be all the program can fund. An increase in funding is needed to fund improvements.
6. Provide a clear integration with federal climate change policy. Individual projects cannot be held accountable for meeting regional greenhouse gas reduction targets. However, the overall regional system can be held accountable and the federal transportation programs should ensure this accountability (much like the current air quality conformity requirement).

## **Detailed Recommendations:**

### **1. Program Focus**

#### **a. Energy Security and Global Warming -**

At the same time that the transportation bill is up for reauthorization for the next six-year period, the Congress is also considering or has recently enacted legislation related to energy security and reducing greenhouse gases to support national climate change initiatives. It is important that these legislative initiatives be linked and that the transportation program reinforces and helps implement energy and greenhouse gas goals. In particular, if there is a carbon tax and/or a carbon cap and trade program established, it should be structured to allow use of these funds on transportation projects that reduce greenhouse gases based upon the merits of those projects. Furthermore, if the carbon tax extends to motor vehicle fuel, these funds should be dedicated to transportation projects that reduce greenhouse gases. Finally, much like the transportation Clean Air Act link, investments from the transportation bill should be consistent with energy and climate change mandates.

#### **b. Clearly establish the National Interest -**

Since the completion of the Interstate system, the national purpose of the federal transportation program has been a shifting target. While ISTEA, TEA-21 and SAFETEA-LU have brought considerable state and local flexibility, the national debate has been dominated by funding equity issues (i.e. donor/donee)– which while very important – have crowded out a discussion of a performance based funding system. A lack of clarity in the program’s mission has led to inadequate funding for the program. The key priorities for the Portland region that would help define the federal program’s mission are as follows:

- i. Metropolitan Mobility – ensure the multi-modal transportation system supports the economic vitality of the nation’s largest metropolitan areas where most of the economic activity exists.
- ii. Interstate Commerce – ensure freight can be efficiently moved across the nation and globally through a multi-modal freight network providing for the movement of goods to and through metropolitan areas and connecting to international air cargo and marine ports.
- iii. Manage the Asset – ensure that the substantial past federal, state and local investment in the transportation system is maintained in good condition and is operated in an efficient manner.
- iv. Safety – ensure the multi-modal transportation system moves goods and people in a safe manner.

## 2. Program Funding

### a. Adequately fund the system –

There has been considerable erosion of the gas tax from construction inflation, increased fuel efficiency of the fleet and reduced fuel consumption as gas prices rise. As a result, there is a substantial shortfall in the Highway Trust Fund's Highway Account and Mass Transit Account, both to maintain current programs and to expand programs to meet actual need. In the next authorization bill (starting in Federal Fiscal Year 2010), a 10-cent gas tax increase or equivalent is needed to simply maintain current program funding levels in SAFETEA-LU. Furthermore, according to the National Surface Transportation Policy and Revenue Commission, a 25 to 40-cent gas tax increase over the next 5-years plus indexing for inflation is needed to fully meet the Preservation, Safety and Expansion needs of the national transportation system.

Clearly, a substantial increase in federal funding is needed. Regardless of the overall funding level, the authorization bill should be clear about expected outcomes and provide a sufficient funding level to meet those outcomes.

### b. Take steps toward transitioning to a VMT fee -

Although Oregon was the first to implement a gas tax as the primary method for funding transportation infrastructure, it is apparent that this mechanism is not sufficient in the future. It is an inelastic revenue source that has historically lost value to inflation and improvements in fuel efficiency and is currently losing revenue due to reductions in driving. As the national fleet continues to convert to higher fuel efficiency and electric vehicles in response to energy security and global warming concerns, the long-term viability of the revenue source is greatly threatened.

ODOT carried out a successful pilot project demonstrating that it is feasible to implement a VMT-based fee system as a long-term replacement for the gas tax. They demonstrated that the system is technically feasible, can be implemented at the gas pump, preserves individual privacy and can be implemented with variable rates accounting for time of day and geography.

To advance the concept, the Congress should:

- i. Provide funding to the National Academy of Sciences to fund additional pilot projects to further test and develop the concept;
- ii. Direct the National Academy of Science to define the architecture and implementation protocol and schedule; and

- iii. Provide authorization to USDOT to implement the program upon completion of the above.

### 3. Program Direction

#### a. Metropolitan Mobility -

A Metropolitan Mobility Program should be established in the 50 largest metropolitan regions to ensure a focus on supporting the movement of goods and people in the metropolitan regions of the nation, which generate 60% of the value of US goods and services. An adequate transportation system is vital to continued productivity in our nation's metropolitan areas and therefore the economic well being of the nation. Funds from the program should be distributed for use in metropolitan areas in partnership between metropolitan planning organizations, states, transit operators and local governments to implement a comprehensive set of strategies to manage demand, improve operations, and expand multi-modal capacity, while meeting goals for the reduction of greenhouse gases. Performance standards should be set and serve as the basis for certification of compliance with federal requirements in those areas. Coordination with agencies responsible for land use and natural resources should be mandatory.

#### b. Freight -

One of the most important and constitutionally established functions of the federal government is to ensure the free-flow of interstate commerce, which is central to the transport of freight. Because of this mandate, the U.S. Department of Transportation should develop a national multi-modal freight transportation plan that articulates a vision and strategies for achieving national freight transportation objectives. Associated with that plan, the next authorization bill should establish an integrated freight transportation program within the U.S. Department of Transportation, and coordination between the Transportation Department and other transportation-related federal agencies should be strengthened. Federal policies and funding should strengthen the capacity of all U.S. gateways to handle the increasing volume of international trade. Creating the capacity to move more freight on mainline and shortline railroads and waterways would generate cost, efficiency, and environmental benefits.

To implement the Freight Program, a multi-modal Freight Trust Fund should be established within the Highway Trust Fund, capitalized with traditional truck user fees, fuel taxes on railroads and customs and cargo fees (those that are not already dedicated to waterways improvements and maintenance).

**c. Managing the Existing System –**

To protect the substantial investment in the nation’s transportation system, it is essential that the federal program manage the existing asset to the greatest extent possible. This includes:

- i. System preservation to ensure the existing system doesn’t deteriorate so severely as to compromise its function and lead to a backlog of higher costs,
- ii. Implementation of safety measures across all parts of the system to reduce fatalities and injuries, and
- iii. Implementation of Intelligent Transportation Systems equipment to extract the greatest efficiency out of the system that has already been built.
- iv. Funding for new transportation system improvements must include adequate resources to manage and mitigate their environmental impacts, and incorporate sustainable stormwater management systems into their design.
- v. Funding investments in the rehabilitation and enhancement of historic inter-modal facilities.

**d. Bridges -**

Although Oregon has addressed the condition of many bridges statewide through the Oregon Transportation Investment Act, there is a continuing need to address deficient bridges in order to avoid impacting commerce and safety. This requires a sustained and increased funding commitment and legislative changes to ensure investment in the highest priority bridges. Specific changes include:

- i. Elimination of the 10-year rule which removes any bridges that have been partially rehabilitated with federal funds from the formula used to apportion funds to the state;
- ii. Allowing states that share an adequate amount of bridge funding with local agencies to waive the requirement to spend a minimum of 15% of the federal bridge funds on bridges that are off the federal-aid highway system. This provision was created to ensure federal bridge funds are sub-allocated to bridges under the jurisdiction of local governments and agencies. However, all local government bridges on the arterial and collector systems are “on-system,” leading to a requirement to spend a disproportionately high funding level on very low priority bridges.
- iii. Creation of a Seismic Retrofit Program within the federal bridge program.

**e. Intercity Passenger Rail –**

The Pacific Northwest Cascades Corridor from Eugene to Vancouver, BC is one of 10 major corridors nationally that have been designated for improvements that would increase the frequency and reliability of high-speed rail service. More frequent and reliable service could make intercity passenger rail a more viable travel alternative for trips between the Northwest's urban areas and reduce pressure on I-5. The Winter Olympics to be held in British Columbia in 2010 afford the country an opportunity to showcase that High Speed Rail can succeed in the United States and the Pacific Northwest corridor should be a major investment focus in the next bill. The region should support programs designed to carry this out and in particular should guarantee a robust funding level for Amtrak.

**f. Transit and Greenhouse Gases -**

With the Nation facing higher oil prices, insecure oil supplies, and greenhouse gas reduction targets, the Transit Program needs new direction and emphasis. The nation now needs to build sustainable and energy-resilient cities so that the metropolitan areas responsible for two-thirds of our nations economic output remain strong. Transit also needs to serve the growing numbers of aging citizens. To make substantial progress toward these goals, the transit program needs to grow aggressively, as suggested below:

- i. Increase funding for transit as recommended by the National Commission from \$10.3 billion annually in FFY 2009 to a range of \$21 to \$32 billion. (Note: FFY 09 transit funding is \$8.3 billion from the trust fund, and \$1.98 billion from the general fund for new and small starts). Cover the current general fund portion of the total from an augmented trust fund.
- ii. The Fixed Guideway Modernization program should increase from \$1.6 billion annually to between \$4 billion and \$6 billion; growing at a rate which reflects the addition of eligible rail miles throughout the nation and the aging of the nation's essential urban transit infrastructure.
- iii. Increase the funding for Section 5307 Urbanized Area formula funds to reflect the growth in employment and the travel needs of the demographic tsunami of aging citizens. Funding should be increased from \$4 billion to between \$8.5 billion and \$11 billion.
- iv. Increase the New Starts overall funding from \$1.6 billion to a range of \$6 billion to \$11 billion annually; and Small Starts from \$200 million to \$500 million to \$1 billion annually.
- v. Turn the Section 5309 Bus and Bus Facilities into the 'Very Small Starts' competitive program per current FTA guidelines (which establishes minimum 'warrants' for cost effective bus investments), and combine it with other miscellaneous grant

programs such as the intermodal terminals program. Increase funding from \$1 billion annually to between \$2 billion and \$3 billion.

**g. New Starts/Small Starts -**

The New Starts program has been important to building the Portland region's regional rail infrastructure, including light rail (MAX), streetcar, and commuter rail (WES). The New Starts program under the current administration has discouraged the local/federal partnership in transit, as evidenced by the decline of rail projects in the New Starts pipeline and failure to streamline smaller projects as intended by the Small Starts Program. Given the nation's need to build stronger cities, address energy security and sustainability, this must be reversed. Reauthorization priorities must focus on improving project evaluation and streamlining project delivery.

**h. Walking and Cycling -**

A number of converging trends – increasing gas prices, worsening congestion, growing health problems related to inactivity, climate change – all argue for increasing our national commitment to active transportation. Safer and more convenient on-street routes and off-street trails lead to substantial increases in mode share for walking and cycling, which, in addition to addressing the issues cited above, also reduces wear and tear on our nation's aging infrastructure. Metro, working with government and nonprofit partners throughout the region, has convened a Blue Ribbon Committee for Trails that is developing strategies to create the most complete urban trails network in the US. The Rails to Trails Conservancy (RTC) has launched a "2010 Campaign for Active Transportation" that aims to double federal funding for walking and biking infrastructure in the upcoming federal transportation reauthorization. The City of Portland and Metro took the lead in submitting a "case statement" to the RTC that includes a list of projects that illustrate the potential impact of walking and cycling investments. Congress should support the RTC's proposal to invest at least \$50 million in each of 40 metropolitan areas in the US as a means to substantially increase mode share for cycling and walking.

**i. Highway Project Delivery -**

Federal transportation and environmental laws contain rigorous protections that ensure transportation projects do not unnecessarily harm the human and natural environment. Too often, however, these requirements add time and cost to projects without a corresponding improvement in environmental outcomes. Oregon, with its strong green ethos and focus on sustainability, has been a leader in ensuring that

transportation projects complement rather than compromise the natural and human environment.

In order to further streamline the regulatory process, Congress should consider a number of steps:

- i. Focus on accountability for overall environmental outcomes, not following processes that may or may not make sense for a particular project.
- ii. Move FHWA from a permitting role to a quality assurance role, so the federal government would ensure environmental outcomes without having to approve every action.
- iii. Enable and encourage states to use programmatic permits that provide a single set of terms and conditions for a specific type of work and specify expected environmental outcomes.
- iv. Enable and encourage states to use a streamlined environmental review process that brings regulatory agencies into the project development process to identify and address issues at an early stage, such as the Collaborative Environmental and Transportation Agreement for Streamlining (CETAS) program that was pioneered by ODOT.

**j. Critical Highway Corridors -**

The next authorization bill should create a discretionary funding category for large, complex projects that generate benefits of national significance or of significance beyond the area within which they are located. Congress should continue the “Projects of National and Regional Significance” program created under SAFETEA-LU and also consider creating a program focused on the high-priority trade corridors such as Interstate 5 that carry most of the nation’s commerce and are disproportionately impacted by rapidly rising truck volumes. Any project to address the Columbia River Crossing will depend on this program for funding and should not be expected to be funded through the customary federal funding formulas to states and metro areas.

**k. Urban Highway Design Standards –**

Federal design standards as they are applied in urban areas lead to conflicts between the land use and environmental objectives of the community and the design for roadway improvements. Of particular concern are the following circumstances:

- i. Boulevards/Main Streets – As a state highway built to operate as an arterial-type facility passes through a compact downtown type area, it is essential that the design treatment shift from an objective to move traffic quickly to an objective of slowing traffic, minimizing impacts and creating a compatible urban streetscape. These designs are chronically difficult to obtain approval for

through FHWA. Design standards need to be revised to allow development and approval of these types of projects on a more routine basis.

- ii. Parkways – New or expanded expressways through rural and urbanizing areas on the outskirts of metropolitan areas are increasingly difficult to build due to their environmental impacts. As an alternative to a conventional 60-70 mph fully limited access facility, there should be the option of developing a fully or partially limited access facility built to a 35-45 mph standard. This would allow tighter vertical and horizontal curves and a smaller cross-section, thereby allowing a project that can be more readily accommodated following the contours of the land and minimizing impacts.
- iii. Orphaned or Abandoned Highways – It is common for an old arterial-type state highway to be functionally inadequate for through traffic due to the development pattern that has been established over time. In many cases, these state highways were bypassed by higher speed limited access facilities. In these circumstances, the old state highway generally falls into a state of disrepair since it no longer is of highest priority for the state transportation department. A program could be established to transfer these facilities from the state agency to the local government in recognition of their defacto function as a local facility. Funding should be provided to bring the state highway to an urban street standard in exchange for a transfer of ownership.
- iv. Green Infrastructure – One of the biggest sources of polluted stormwater run-off is from streets and highways. Since state and local governments are under the federal mandate of the Clean Water Act to address this issue, there should be further assistance through the federal transportation program to develop green infrastructure approaches, including stormwater infiltration design guidelines, research and development of improved green techniques, funding eligibility for green techniques and performance monitoring to evaluate the effectiveness of these techniques over time.

# Regional Project Requests

## 1. Criteria

- a. Project must be in the financially constrained RTP.
- b. The project request must be deliverable within the 6-year timeframe of the legislation.
- c. The jurisdiction making the request must be prepared to deliver a logical project or project phase in the event of receipt of less than the requested amount. The project must be capable of being scaled down to have a smaller phase fit within the earmark or supplemented by the local government to make up the shortfall.
- d. For requests for project planning or engineering or a partial funding request for construction, the jurisdiction should provide a financial strategy on how the ultimate project construction will be funded.
- e. In light of the on-going development of the RTP and the likely 1-2 year period that will be required for Congress to adopt new authorization legislation, an adopted project list should remain flexible to be reexamined in the future.

## 2. Projects

The following is a list of project possibilities that have been suggested over the past several months. This is not a draft project list. A discussion by JPACT is needed to provide direction to regional and local staff on development of a proposed list for endorsement. Remember, JPACT has already endorsed a recommendation to the Oregon Transportation Commission on project earmarks that they should seek. (See attachment A.) This is the list that the remaining jurisdictions would be seeking.

### Preliminary Federal Reauthorization Project Possibilities

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Clackamas County	Sunrise System Hwy 212/82nd Avenue Undercrossing Harmony Road/Railroad Avenue Undercrossing
Milwaukie	17th Avenue Bike/Ped. McLoughlin/Kellog Creek replacement
Wilsonville	Kinsman Road Willamette River Bike/Ped./Emergency Bridge SMART Admin/Multi-Modal Facility
Washington County	124th Avenue/Tualatin/Sherwood/Wilsonville area US 26/Bethany
Hillsboro	Shute Road Interchange
North Plains	Glencoe Interchange
Tigard	Hwy 99W Management Plan

Multnomah County	Sellwood Bridge
Gresham	US 26/ Springwater Industrial Access Rockwood Transit Center redevelopment Main Street streetscape Civic Neighborhood Multi-modal center and parking structure Gresham-Fairview Trail
Portland	Burnside/Couch Couplet and Streetcar Green Street retrofits Union Station rehab. I-5/South Waterfront portal Gateway: 102nd Avenue Boulevard
Regional	Milwaukie LRT Eastside Streetcar Lake Oswego Streetcar Regional Bus Expansion Regional ITS package Regional Trail System
Columbia River Crossing	Projects of National Significance

# ODOT Region 1 Authorization Earmark Proposals for OTC Adoption

	Project Name	Phase(s)	Applicant	District	Earmark Request
JPACT	I-84 Eastbound to I-205 Northbound	Construction	ODOT	Blumenauer	\$14.35 million
	Airport Way to Northbound I-205	Construction	Port of Portland	Blumenauer	\$13 million
	I-84 Troutdale Interchange*	PE/ROW	Port of Portland	Blumenauer	\$12 million
	Sunrise Corridor Phase 1	PE/ROW	Clackamas County	Blumenauer	\$15 million
	I-84/Central Multnomah County ITS	Implementation	City of Gresham	Blumenauer	\$2.9 million
	I-205 Southbound to I-5 Southbound	Construction	ODOT	Hooley	\$14.35 million
	OR 99W/McDonald intersection	Construction	City of Tigard	Wu	\$4.5 million
OTHER Region 1	Historic Columbia River Highway trail	Construction	ODOT/OPRD	Blumenauer/Walden	\$21 million
	US 26 safety improvements (Clackamas County)	Construction	ODOT	Blumenauer	\$4 million
	US 26/OR 47 Staley's Junction interchange	Construction	ODOT	Wu	\$10 million
<b>Project of National and Regional Significance</b>					
	I-5 Columbia River Crossing	Construction	ODOT/WSDOT	Blumenauer/Baird	\$400 million

\*Pending ODOT approval of an alternative design and phasing plan.

# Greater Regions of Oregon

## MAPS

- 1) [Click Here for Northern Willamette Valley Map](#)
- 2) [Click Here for Southern Willamette Valley Map](#)
- 3) [Click Here for Rogue Valley Map](#)
- 4) [Click Here for Bend Area Map](#)

Materials following this page were distributed at the meeting.

**Portland Metropolitan Region Transportation Priorities for the 2009 Oregon Legislature**

**Policy**

**Do No Harm:** Do not enact preemptions of local government revenue-raising authority. The transportation funding challenge will require new funding commitments at all levels of government.

**50-30-20 Funding Distribution:** Protect the established state funding formula to ensure distribution of new state-wide transportation resources as follows: 50 percent to the state, 30 percent to counties, and 20 percent to cities (“50-30-20”).

**Protect Existing Assets:** Oregon should protect its billions of dollars of existing transportation assets by prioritizing maintenance and preservation. New modernization projects should be funded from the state’s 50% share of new resources.

~~**Remove Local Restrictions:** Remove the requirement that county-approved vehicle registration fees must be agreed to by neighboring counties in the region.~~

**Remove Willamette Bridge Tolling Restrictions:** Eliminate existing statutory restrictions on local authority to establish tolls on Willamette River bridges in the region.

**Establish More Sustainable Funding:** With per-capita gas tax revenues in decline, Oregon should continue efforts to establish use-based transportation revenue from sources such as congestion pricing, tolls, and/or vehicle-miles-traveled fees, while maintaining cost responsibility between light vehicles and trucks.

**Jurisdictional Transfers:** The state should work in partnership with local jurisdictions by supporting the transfer of state-owned district highways that define arterial or multi-modal corridors, including road rehabilitation and permanent funding for maintenance.

**New Revenues**

**Road Maintenance and Construction:** New state investments in our transportation system are desperately required to address backlogged maintenance, critical safety and freight mobility projects, demand management, and bike/pedestrian projects. The equivalent of a 12-cent gas tax increase merely returns the buying power of the fuel tax to 1993 levels. Oregon should increase annual funding for the state’s roads and highways by at least \$550 million, using a variety of revenues sources, such as gas taxes, registration and titling fees, and indexing of taxes and fees to stay ahead of inflation.

➤ <del>Raise the gas tax 14¢</del>	<del>\$400 million per year</del>
➤ <del>Increase the annual VRF to \$54</del>	<del>\$150 million per year</del>
➤ <del>Index the gas tax to inflation</del>	<del>+\$20 million per year</del>

**Invest in Transit:** Devote new resources (including new lottery funds) to expanding bus, light rail, commuter rail, streetcar, and other public transit services and facilities that support the state’s CO<sub>2</sub> emissions reduction goals and efficient land use.

- **New Commitment to Transit:** Identify new, ongoing state funding to support transit.
- **Flexible Funds:** Instruct ODOT to use more flexible federal funds for public transit.
- **Elderly and disabled transit:** Increase funding for the state’s Elderly & Disabled transit program.
- **Transit Oriented Development (TOD):** Leverage private development and maximize the value of transit investments by supporting local TOD projects.

**Invest in Trails:** Oregon should allocate funding to support the planning, acquisition, construction, and maintenance of urban and intercity trails, “bicycle highways,” and other non-motorized transportation corridors.

**ConnectOregon III:** The state’s successful multi-modal investment program should be continued with a third round of project funding.

**Portland Metro Area Transportation Priorities for the 2009 Oregon Legislature**  
*And how they align with discussions in the Governor's Vision Committee*

REGIONAL PRIORITIES	VISION COMMITTEE
<b>Policy</b>	
<p><b>Do No Harm:</b> Do not enact preemptions of local government revenue-raising authority. The transportation funding challenge will require new funding commitments at all levels of government.</p>	<p>No pre-emption of local authority is currently proposed.</p>
<p><b>50-30-20 Funding Distribution:</b> Protect the established state funding formula to ensure distribution of new state-wide transportation resources as follows: 50 percent to the state, 30 percent to counties, and 20 percent to cities (“50-30-20”).</p>	<p>Recommends that new highway fund revenues be distributed according to the established 50-30-20 formula.</p>
<p><b>Protect Existing Assets:</b> Oregon should protect its billions of dollars of existing transportation assets by prioritizing maintenance and preservation. New modernization projects should be funded from the state’s 50% share of new resources.</p>	<p>Proposes that one-third to one-half of the state’s 50% share of new highway revenues be spent on operations, maintenance, preservation, and safety projects (including a small amount to guarantee a minimum level of road funding for smaller counties).</p>
<p><b>Remove Local Restrictions:</b> Remove the requirement that county-approved vehicle registration fees must be agreed to by neighboring counties in the region.</p> <p>➤ <i>Regional lobby recommends deleting this element from regional priorities.</i></p>	<p>Calls for expanded use of “local option registration fees.”</p>
<p><b>Remove Willamette Bridge Tolling Restrictions:</b> Eliminate existing statutory restrictions on local authority to establish tolls on Willamette River bridges in the region.</p>	<p>Not under discussion.</p>
<p><b>Establish More Sustainable Funding:</b> With per-capita gas tax revenues in decline, Oregon should continue efforts to establish use-based transportation revenue from sources such as congestion pricing, tolls, and/or vehicle-miles-traveled fees, while maintaining cost responsibility between light vehicles and trucks.</p>	<p>Discussions are focused on a more balanced mix of traditional funding sources (gas tax, vehicle registration fees, title fees) as well as a modest first-time title fee that might vary based on vehicle fuel economy. The committee is deferring to the Governor and the Legislature with respect to the specific mix of funding sources.</p> <p>Over the longer term, it is anticipated that Oregon would replace the fuel tax with a VMT-based fee or tax. In the short run, ideas include implementing a congestion pricing pilot project and extending the tax credit for Pay As You Drive auto insurance.</p>
<p><b>Jurisdictional Transfers:</b> The state should work in partnership with local jurisdictions by supporting the transfer of state-owned district highways that define arterial or multi-modal corridors, including road rehabilitation and permanent funding for maintenance.</p>	<p>Recommending a review of jurisdictional responsibilities to determine if transferring ownership of certain facilities would better insure overall system performance.</p>

<b>New Revenues</b>	
<p><b>Road Maintenance and Construction:</b> New state investments in our transportation system are desperately required to address backlogged maintenance, critical safety and freight mobility projects, demand management, and bike/pedestrian projects. A 12-cent gas tax merely returns the buying power of the fuel tax to 1993 levels.</p> <ul style="list-style-type: none"> <li>• Raise the gas tax 14¢ (\$400m/year)</li> <li>• Increase the annual VRF to \$54 (\$150m/year)</li> <li>• Index the gas tax to inflation (\$20 m/year)</li> </ul> <p>[Total: \$570m/year]</p> <p>➤ <i>Regional lobby recommends deleting references to specific amounts from specific funding sources.</i></p>	<p>The region’s proposed total of \$570 million/year in new road revenues is somewhat higher than, but in the same order of magnitude as, the funding levels being considered by the Vision Committee. The committee is not currently considering indexing the gas tax.</p>
<p><b>Invest in Transit:</b> Devote new resources (including new lottery funds) to expanding bus, light rail, commuter rail, streetcar, and other public transit services and facilities that support the state’s CO<sub>2</sub> emissions reduction goals and efficient land use.</p>	
<ul style="list-style-type: none"> <li>• <b>New Commitment to Transit:</b> Identify new, ongoing state funding to support transit.</li> </ul>	<p>Discussing the creation of a dedicated non-highway transportation fund, with an ongoing investment of a set percentage of lottery dollars as a first step toward meeting an ultimate objective of matching the federal benchmark where transit and other multimodal investments represent 20% of transportation spending. Also suggests increasing the cap on local payroll taxes.</p>
<ul style="list-style-type: none"> <li>• <b>Flexible Funds:</b> Instruct ODOT to use more flexible federal funds for public transit.</li> </ul>	<p>Discussing whether to redirect federal flexible funds currently being used for the highway program to multimodal investments, and replacing them with new road-related revenues.</p>
<ul style="list-style-type: none"> <li>• <b>Elderly and disabled transit:</b> Increase funding for the state’s Elderly &amp; Disabled transit program.</li> </ul>	<p>Calling for significant additional funding for E&amp;D transit; sources under discussion include cigarette tax and lottery.</p>
<ul style="list-style-type: none"> <li>• <b>Transit Oriented Development (TOD):</b> Leverage private development and maximize the value of transit investments by supporting local TOD projects.</li> </ul>	<p>Not under discussion.</p>
<p>➤ <b>Trails:</b> <i>Regional lobby recommends adding a bullet calling for the state to provide funding for urban and intercity trails, “bicycle highways,” and other non-motorized transportation corridors.</i></p>	<p>Considering a ConnectOregon-style (competitive, match-based) statewide program to support bicycle and pedestrian projects that are not in the highway right-of-way.</p>
<p><b>ConnectOregon III:</b> The state’s successful multi-modal investment program should be continued with a third round of project funding.</p>	<p>Contemplates a ConnectOregon III that would fund marine, air, rail, and transit projects, possibly at a higher level than the \$100 million provided in each of the last two sessions.</p>



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GOVERNMENT RELATIONS LLC



## Historical Perspective for the Next Federal Surface Transportation Bill

Peter Peyser  
Blank Rome Government Relations LLC

JPACT Meeting - October 17, 2008

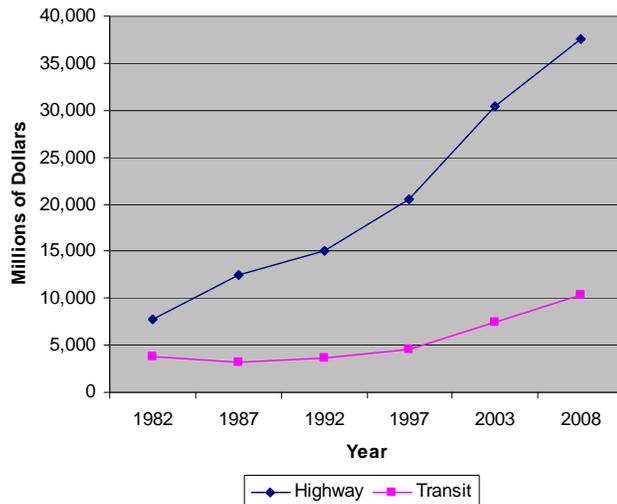


## History of Federal Gas Tax

<b>1932-1956</b>	Tax fluctuates at 1-3 cents per gallon – all proceeds to general fund
<b>1956</b>	Tax set at 4-cents per gallon and dedicated to HTF
<b>1983</b>	Gas tax increased to 9-cents per gallon.
<b>1990</b>	Gas tax increased to 14-cents per gallon – 2.5 cents to general fund
<b>1993</b>	Gas tax increased to 18.3-cents per gallon – all of increase to general fund
<b>1995</b>	2.5 cents reverts to HTF
<b>1997</b>	all gas tax revenues for HTF

## Historic Funding Levels for Highways and Transit

Source: Office of Management and Budget, Historical Tables; Budget of the U.S. Government Fiscal Year 2008



## Growth in Earmarks

### ISTEA (1991)

- 538 earmarks / \$6.23 billion

### TEA-21 (1998)

- 1,850 earmarks / \$9 billion

### SAFETEA-LU (2005)

- 5,145 earmarks / \$14.8 billion



## Toll Financing

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- 1916-1987** No tolls on Federal-aid highways except when agreement made to pay-back federal funds on debt retirement.
- 1987** Pilot program allowing states to toll Federal-aid highways without pay-back provision.
- 1991** Additional states excused from payback. Congestion Pricing Pilot Projects for tolling interstates.
- 1997** Payback provisions removed except for Interstate Highways.
- 2005** Additional Interstate Highway tolling opportunities.

## Public Private Partnerships

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### State Infrastructure Banks

### TIFIA

### Design/ Build

### Administration Initiatives

Clinton

Bush

### Next Steps?



## A New Era?

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**1956 - 1991**

**The Interstate Construction Era**

1964 Transit Act

1974 Interstate reconstruction

1978 Bridge program

**1991 - 2009**

**The “TEA” Era**

1991 “ISTEA” – Flexibility and link to Clean Air Goals

1997 “TEA-21” – “Off budget”

2005 “SAFETEA-LU” – Earmarks Galore

**2009 - ?**

**“Authorization” or “Re-Authorization”**

# **Needs, Costs, and Funding Alternatives for Transportation Services for Older Adults and People with Disabilities in Urban and Rural Oregon**

*Final Report*

**October 7, 2008**

**By:**

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**For:**

**Association of Oregon Counties**

**On behalf of:**

**Oregon Department of Transportation  
Department of Human Services**

# Executive Summary

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## Background

Mobility, or the ability to get around, is crucial to the health and well-being of all Oregon residents. For people with disabilities, younger and older adults alike, loss of mobility means loss of independence and loss of the ability to seek timely medical and preventive healthcare, get a job and remain employed, engage in health-sustaining physical and social activities, and shop for fresh food. Most data indicate that older adults and people with disabilities make fewer trips than they would like to because they lack adequate transportation. Meeting at least part of this demand through improved transit service could have considerable social, economic, and health benefits – both for the individuals served and for their broader communities.

**Given the projected growth in numbers of older adults and people with disabilities, along with the lack of a stable funding source for public transportation, it is clear that there will be a funding gap between transportation services needed and present funding available.**

The research reported on here was conducted in response to a budget note aimed at this challenge and attached to the 2007 Oregon Legislative Approved Budget. It stated:

The Departments of Human Services and Transportation are directed to work together to investigate sources of new revenue to enhance funding for elderly and disabled transportation services, with consideration of both urban and rural Oregon. The departments shall report their findings to the Department of Administrative Services, Budget and Management Division and the Legislative Fiscal Office prior to the 2009 Legislative session.

**This report presents an estimate of the demand for and costs of transit for older adults and people with disabilities in Oregon in the year 2030.** The focus is on demand response transit,<sup>1</sup> although fixed route transit, particularly in rural areas of the state, is also addressed.

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<sup>1</sup> Demand response transit is transit that dispatches passenger cars, vans, or small buses in response to calls from passengers and transports them to their destinations. Vehicles generally do not operate over a fixed route or on a fixed schedule, and they may pick up several passengers at different points before taking them to their respective destinations. Demand response transit is considerably more expensive to provide than fixed route transit.

## Executive Summary

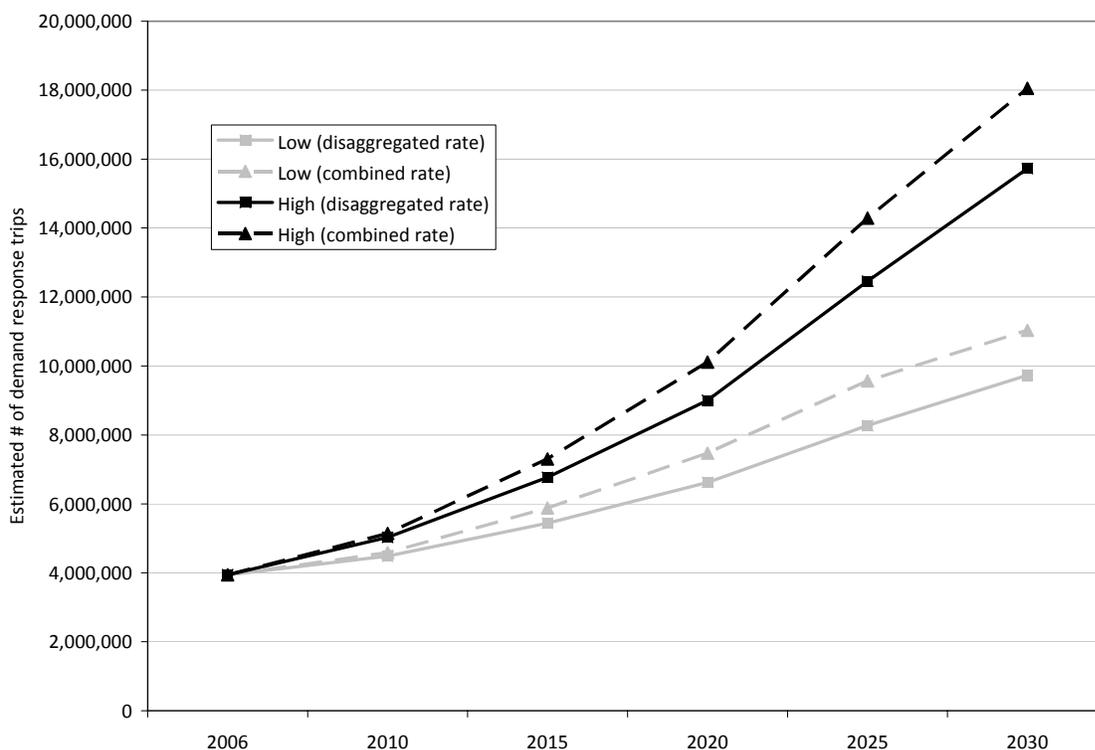
Making such an estimate on a statewide basis is unusual, and there are no standard methods for doing so. Two different approaches were used, with a range of assumptions. The estimates also attempt to address the issue of unmet demand.

## Key Findings: Future Transit Demand

**Both the number and the proportion of older adults and people with disabilities will grow over the next two decades. In 2010, older adults and people with disabilities will comprise 22% of Oregon's population. By 2030, they will comprise 28% of the population.**

The number of trips taken by older adults and people with disabilities on **demand response** transit is estimated to increase by 2.5% to 3.0% annually between now and 2030 *due simply to population growth*. The actual increase in trips on demand response transit could be between 3.8% and 6.5% annually, based upon recent trends in growing rates of use. These low and high estimates of the demand, using two different approaches, are shown in Figure ES.1.

**Figure ES.1: Estimated Statewide Demand Response Trips by Older Adults and People with Disabilities, Adjusted for Increasing Rates of Use**



Additional findings from the analysis of *future transportation demand* include:

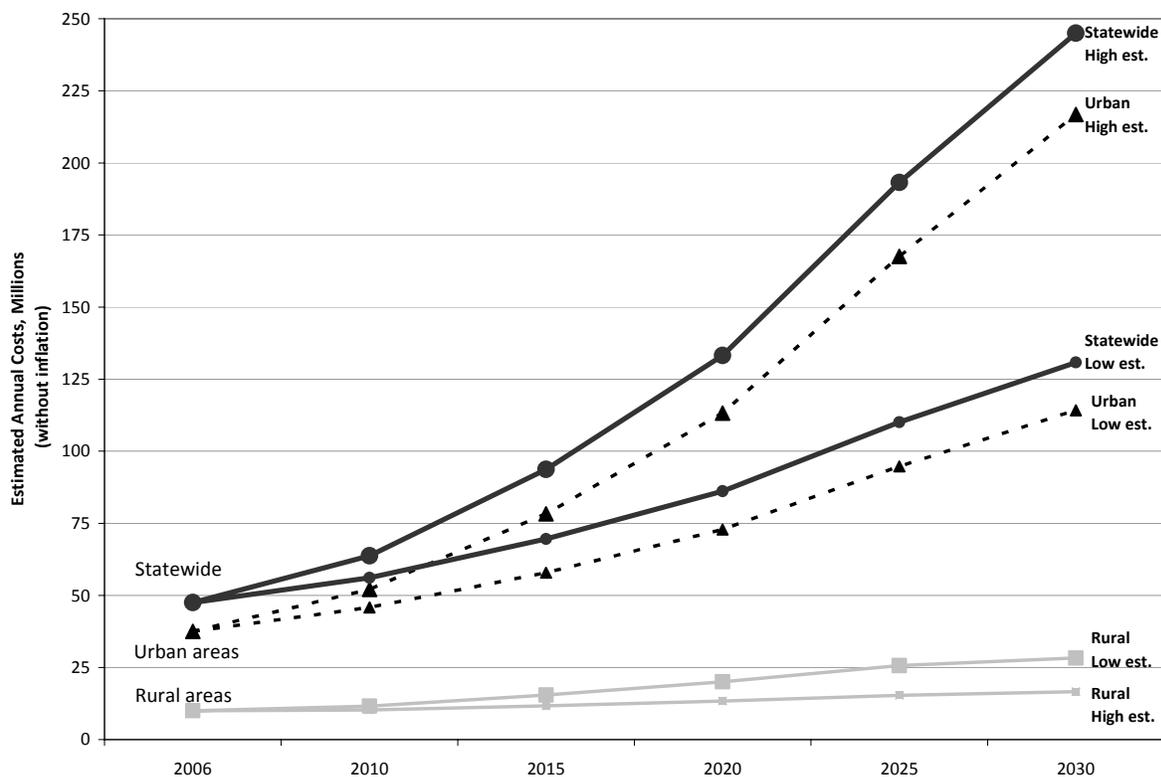
- The number of trips taken by older adults and people with disabilities on **fixed route transit** is estimated to increase by about 2.0% annually in rural areas and 3.5% annually in the largest urban areas *simply due to increases in population*.
- Future demand for transit will generally be higher in the major urban areas in the state. This is because these areas are expected to see higher rates of growth in the number of older adults and people with disabilities. In addition, major urban areas are expected to see greater increases in the rates of use of demand response transit, based upon recent trends. The increase in demand response transit could be between 4.8% and 7.7% annually in urban areas if increasing rates of use continue above population growth.
- A simple estimate of unmet demand indicates that all trips made by older adults and people with disabilities would increase about 26% if unmet demand were satisfied, not taking into account the 2008 price spike in fuel. **If one-third of that unmet demand were to be satisfied through demand response and fixed route transit, the number of trips made by those modes would increase about 9%, and the costs would increase further. *These costs are not included in any of the estimates presented in this report.***

### Key Findings: Future Transit Costs

Low and high estimates of future costs were developed using low and high estimates of demand. The estimates show that **in 2030, costs for demand response transit for older adults and people with disabilities could grow from \$132 to \$246 million, *not accounting for inflation.***

**Costs for demand response transit are largely driven by the growth in demand in urban areas** (Figure ES.2).

Figure ES.2: Estimates of Future Costs of Demand Response Transit by Older Adults and People with Disabilities, not including Inflation



Current and future estimates of *costs*, including inflation, for providing transportation services to older adults and people with disabilities through **demand response transit** and **fixed route transit** are shown Table ES.1, with both low and high estimates included. Nationally, demand response transit operating costs have increased about 6% annually over the past eight years, while fixed route bus service operating costs have increased about 5% annually; thus, these are the annual rates of inflation used here in the high estimates. *These estimates of cost do not include any assumptions for meeting any of the unmet demand, nor do they include the effects of changes in service or other programs.* They do assume that the rate of use of demand response service will continue to increase in the future, particularly in large urban areas with complementary paratransit and assumptions for inflation. This assumption may in fact mean that a portion of the unmet demand will be met in the future. However, it is unclear what portion of the unmet demand that might represent.

Finally, these estimates may understate the demand and costs for public transit because the data available were not comprehensive. Agencies that are not in large urban areas or that do not receive funding through ODOT were not included. In addition, some providers do not report all of their costs. Therefore, **the figures likely understate the total transit use and costs.**

**Table ES.1: Summary of Estimates of Current and Future Costs for Transportation for Older Adults and People with Disabilities in Oregon**

	Annual Cost Estimates (in millions)					
	2006	2010	2015	2020	2025	2030
<b>Demand Response Transit</b>						
Low Estimate	\$47.5	\$63.7	\$91.7	\$132.0	\$195.7	\$269.1
High Estimate	\$47.5	\$80.5	\$149.7	\$268.8	\$492.8	\$790.4
<b>Fixed Route Transit</b> (rides by older adults and people with disabilities only)						
Low Estimate	\$48.2	\$60.3	\$79.8	\$105.7	\$139.9	\$185.2
High Estimate	\$48.2	\$66.2	\$98.5	\$146.6	\$218.1	\$324.4
<b>DHS Brokerage Programs</b>						
Low Estimate	\$18.2	\$21.7	\$27.4	\$35.3	\$46.8	\$60.3
High Estimate	\$18.2	\$26.2	\$41.7	\$67.7	\$113.3	\$184.0

*Note: See Chapter 4 for details on assumptions and methodology.*

**Costs for demand response transit service may be expected to increase by 7.5% to 12.4% per year in the future. Increases in fixed route service costs are not as high, though they do range from 5.2% to 8.3% per year.** This is because: (1) it is assumed that the inflation rate for fixed route service is lower, based upon past trends; and (2) there is no adjustment for demand based upon increasing rates of use, as is seen in demand response transit. These figures are highly dependent upon the inflation assumptions. Given the recent volatility in fuel prices, these assumptions may not be accurate. However, it should be noted that fuel is a relatively small share of the total costs of transit operations.

### The Potential Gap Between Costs and Existing Funding Sources for Demand Response Transit

An estimate of the potential gap between future costs and funding was made for demand response transit for older adults and people with disabilities. **The analysis finds a potential gap of \$10.7 to \$25.3 million in the year 2010, representing 17% to 31% of**

## Executive Summary

the estimated costs. The gap in the year 2030 could be \$167.3 to \$633.8 million, representing 62% to 80% of the estimated costs. The data are shown in Table ES.2, Figure ES.3 and Figure ES.4

This analysis also highlights the finding that about 60% of the funding for demand response transit for older adults and people with disabilities comes from local sources, including payroll taxes, property taxes, and general funds.

**Table ES.2: Projected Gap Between Costs and Revenues for Demand Response Transit for Older Adults and People with Disabilities**

	Revenue and Cost Estimates (Millions)						
	2006	2010		2015		2030	
		Low	High	Low	High	Low	High
<i>Revenues</i>							
<b>Federal</b>	6.5	7.3	8.2	8.5	11.0	13.2	26.4
<b>State Transportation Fund</b>	8.0	7.8	7.8	7.7	7.7	7.7	7.7
<b>Fares</b>	3.8	5.1	6.4	7.3	12.0	21.5	63.2
<b>Local</b>	29.2	32.8	32.8	38.1	38.1	59.3	59.3
<b>Total Estimated Costs</b>	\$47.5	63.7	80.5	\$91.7	\$149.7	\$269.1	\$790.4
<b>Gap</b>		10.7 (17%)	25.3 (31%)	\$30.1 (33%)	\$80.9 (54%)	\$167.3 (62%)	\$633.8 (80%)

Notes: **Low and high estimates** are from Chapter 4 and include inflation assumptions (see Table 4.18). Federal funds were estimated to increase at the assumed low (3%) and high (6%) rates of inflation and local funds were assumed to increase 3% annually for both the low and high estimates. **Fares** are estimated to contribute 8% of the costs. **Local sources** may include local taxes, general funds, Business Energy Tax Credits, and Mass Transit Assessment funds.

**Figure ES.3: Low Estimate of Gap between Costs and Revenues for Demand Response Transit for Older Adults and People with Disabilities**

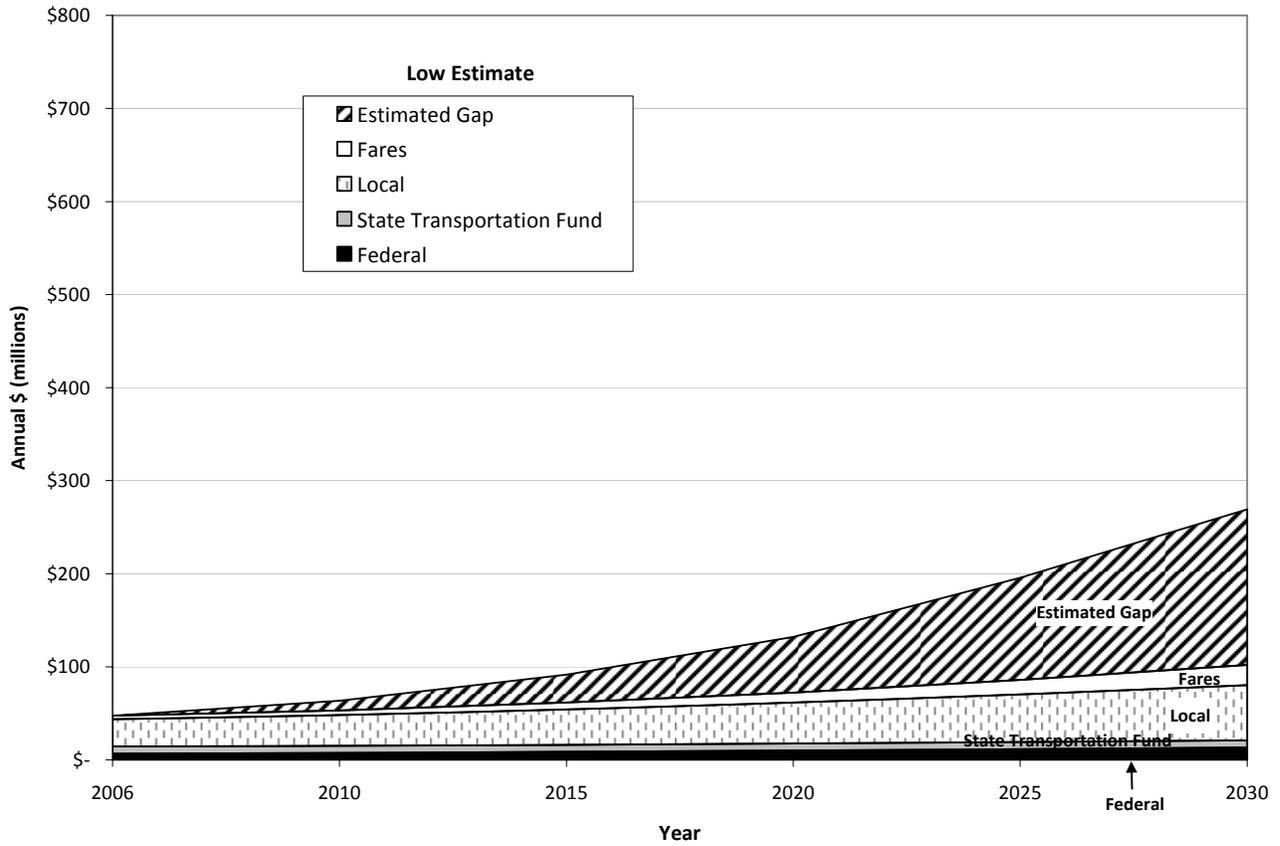
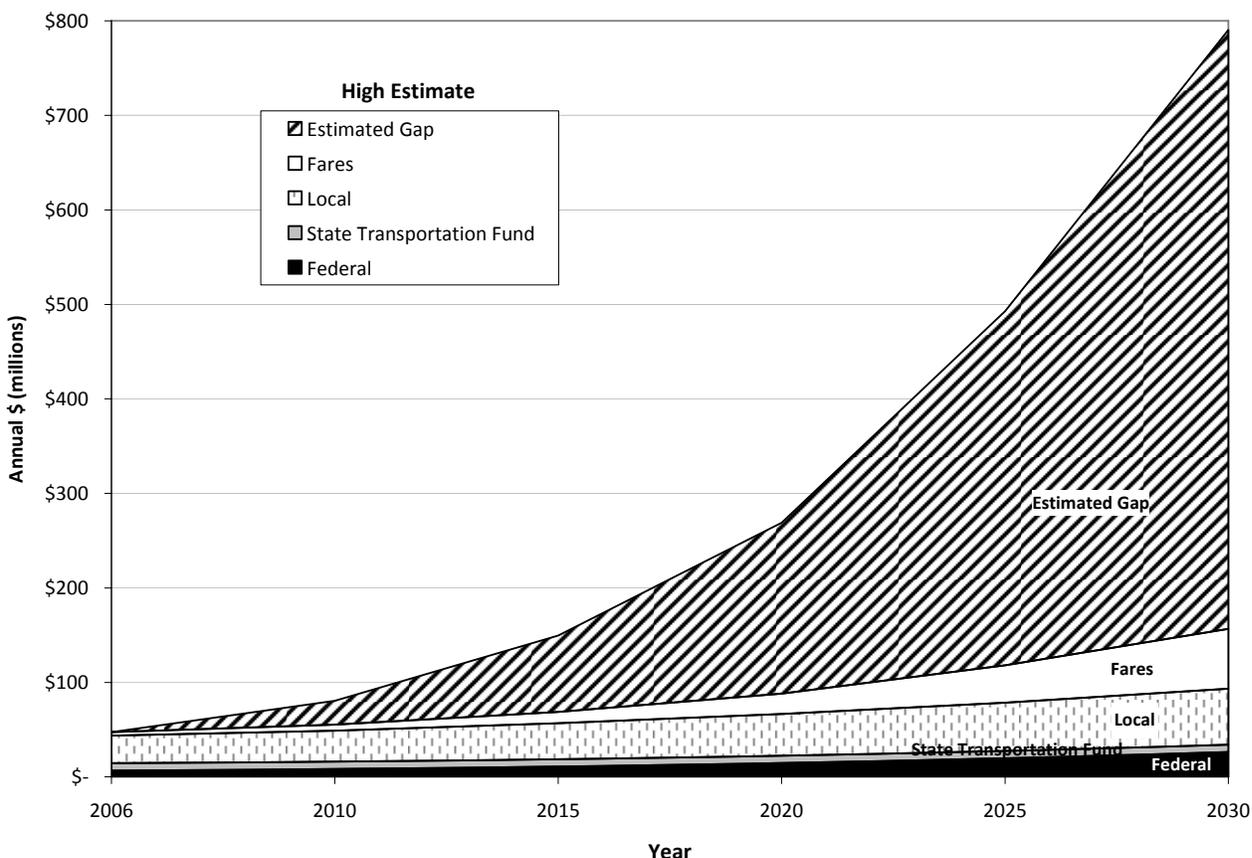


Figure ES.4: High Estimate of Gap between Costs and Revenues for Demand Response Transit for Older Adults and People with Disabilities



### Future Funding Sources

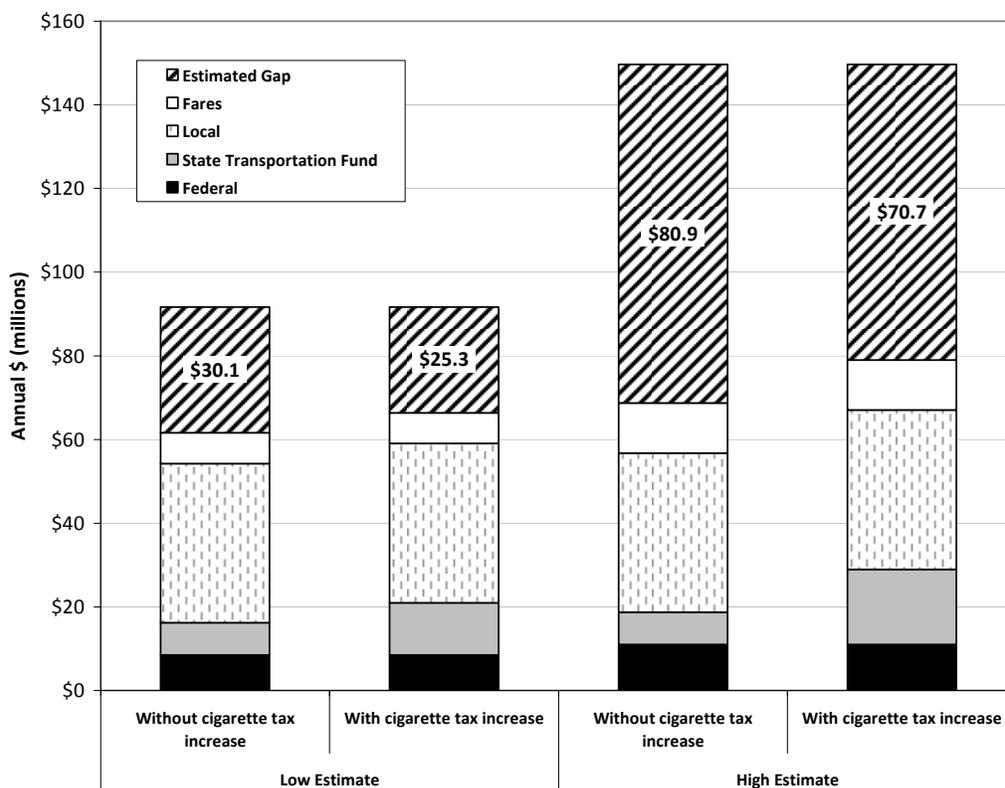
Overall, the outlook for Oregon’s major *current* funding sources for special needs transit is not positive. Many of the sources are declining (e.g., cigarette taxes), even without accounting for inflation. A source that has increased somewhat steadily in the past – federal transit funding – is also in doubt due to recent declines in fuel consumption and, therefore, fuel tax revenues.

In order for Oregon’s Special Transportation Fund (STF) cigarette tax revenues to keep up with the estimated growth in demand, inflation, and the projected decline in cigarette sales tax revenues, by 2030 the current 2¢ portion of the tax would need to be raised to *at least* 13¢ (lowest estimate) and *as much as* 37¢ (highest estimate). This could be accomplished with an *annual* increase of 0.6¢ to 1.8¢ per pack. To keep pace in the short-term (to 2015), this portion of the tax would need to be between 4.3¢

and 7.2¢. These estimates do not address any of the unmet demand or needs for new and improved service identified by providers.

**Even with such increases in the cigarette tax, a funding gap will remain.** The cigarette tax represents about 10% of the funding for demand response transit for older adults and people with disabilities. **The increases suggested above only serve to keep that share stable**, not make up for the full difference between estimated future costs and revenues. Figure ES.5 shows the projected gap for the year 2015 with the increases in the cigarette tax to 4.3¢ (low) and 7.2¢ (high) and without the increases (i.e. remaining at 2¢). This also assumes that other state revenues (from identification cards and some off-road fuel taxes) remain constant.

**Figure ES.5: Year 2015 Estimates of Gap between Costs and Revenues for Demand Response Transit for Older Adults and People with Disabilities, with and without Cigarette Tax Increase**



**There is no single, ideal source to significantly help close the funding gap for transit for older adults and people with disabilities in Oregon.** For more than 50 years in the

## Executive Summary

U.S., a “user pay” principle has guided most transportation funding – those people who use the transportation system pay for it, largely through fuel taxes. At the federal level this has included using fuel taxes to fund transit. Many states have also used state or local sales taxes to fund transit. However, sales taxes are generally more regressive than fuel taxes and are not consistent with a user pay principle.

**Oregon’s lack of a sales tax and its Constitutional prohibition on using vehicle and fuel taxes to fund transit pose serious constraints on funding all types of transit.** Without these constraints, the potential for raising revenue from either source to fund transit would be significant. **A one-cent increase in the gas tax would raise about \$18 million per year (ODOT, 2007h), which would cover a significant share of the projected gap for funding demand response transit for older adults and people with disabilities.**

**Criteria for evaluating funding sources for demand response transit for older adults and people with disabilities may differ from those used for other transportation systems. Such transit can be viewed as a necessary social service.** In this case, the “user pay” principle, may not be the most pertinent guiding principle for choosing a funding source. This argument holds true particularly when the fact is considered that providing good transit service may allow more older adults and people with disabilities to remain living in their homes rather than in institutional facilities. The cost of providing care in such facilities, a significant portion of which is borne by the public, is significantly higher than the cost of providing in-home care.

Social services are traditionally funded through income taxes and through various “sin” taxes (cigarette, liquor) and lottery funds. Revenues from cigarette taxes are expected decline in the future. In contrast, lottery revenues are projected to increase. **Therefore, in addition to increasing the cigarette tax to at least keep up with the increasing costs of the transit programs it funds, the use of lottery funds should be explored for funding the operation of transit for older adults and people with disabilities.**

Finally, this analysis has focused on statewide funding options. However, a patchwork of local sources, including employer and property taxes and other general fund revenues, funds a majority of the state’s demand response transit. Employer tax rates are limited by state law and exist in only a few urban areas. Raising the rates may help close the funding gap in those areas, but this option will not be of assistance in other areas. In addition, local governments, too, are constrained by the state Constitutional limits on vehicle- and fuel-related taxes and fees. While a statewide vote to increase gas taxes or registration fees to fund transit might fail, voters in some areas, particularly urban areas, might be willing to

support such taxes or fees. **Therefore, such options should be explored to provide local governments more flexibility in raising transportation revenues locally.**

## Recommendations for Future Research

Research is recommended with respect to three general areas: the need for comparable data across programs and providers; research on the effectiveness of strategies to increase demand for fixed route transit and decrease demand for demand response transit; and research on the effects of unmet needs and service improvements on future transit demand and costs relative to long-term care costs and quality of life. Research recommendations are numbered in logical order; priority is assigned at the conclusion of this section.

### *The Need for Comparable Data across Programs and Providers*

One of the biggest challenges of this analysis was the lack of data for some programs, particularly DHS services, and inconsistent or incomplete data for other transit services. The lack of such data will hamper efforts to coordinate services and reduce costs. This need is not unique to Oregon; it has been identified as a national problem and some research is underway.

1. To facilitate the monitoring of costs and the accuracy of the projected cost estimates made here, standardization of data collection is needed. Common data collection forms for all ODOT transit providers and DHS brokerages would be helpful. Continued collaboration between ODOT Public Transit Division and DHS will aid in the development of data collection tools and procedures and is recommended.

### *Research on the Effectiveness of Strategies to Increase Demand for Fixed Route and Decrease Demand for Demand Response Transit*

For individual, social, environmental, and economic reasons, it is crucial that the state be prepared not only to meet the growing demand for fixed route transit but to foster it.

2. Research is needed to identify the effectiveness of public programs, strategies, and policies developed to increase demand for fixed route transit (e.g., public education campaigns on how and why to use fixed route transit; land-use and housing development policies aimed at increasing access to transit).
3. Research should be conducted to determine how the housing location decisions made by middle-aged and older adults influence demand for fixed route transit.

## ***Executive Summary***

4. Research is needed to identify the specific transit service needs and preferences of the coming wave of older adults, the Baby Boomers.
5. There is a clear need for research to identify the most effective programs and strategies aimed at shifting demand from demand response to fixed route transit.
6. Research should be carried out to determine how efforts at improving transportation program administrative efficiency affect costs, particularly with respect to demand response transit.

## ***Research on the Effects of Unmet Needs and Service Improvements on Future Transit Demand and Costs Relative to Long-Term Care Costs and Quality of Life***

There is evidence of considerably high unmet travel needs (demand) on the part of today's older adults and people with disabilities. This report identified some existing pertinent but general studies, but more in-depth study is required.

7. Additional research is needed to develop quantitative estimates of unmet travel need among older adults and people with disabilities.
8. Similarly, further study is required to determine the costs of unmet travel needs among today's and tomorrow's older adults and people with disabilities. These may include health costs resulting from lack of access to services and human interaction.

Future transit demand and costs will also be determined by the extent to which service improvements are made.

9. Research is needed to identify how service improvements made with respect both to fixed route and demand response transit will influence demand on the part of older adults and people with disabilities.

Finally, many of the needed service improvements are likely to be expensive from a transit perspective, yet they can make it possible for individuals to live independently and age in place, thus reducing the personal and societal burden associated with expensive long-term care arrangements.

10. Research is needed to examine how the additional costs associated with making improvements in transit compare with the costs savings derived from lower long-term care costs, as well as higher quality of life for older adults and people with disabilities.

## ***Priorities for Research***

Priority should be given to research recommendation #1 (the need for comparable data and common data collection tools), since future research will be constrained by the lack of

comparable and complete data. Following this, given the focus of this report on older adults and people with disabilities, the highest research priorities should be given to research recommendation #4 (identification of the specific transit needs and preferences of the Baby Boomers); research recommendations # 7 and 8 (estimates of the amount and costs of unmet demand on the part of older adults and people with disabilities); and research recommendations #9 and 10 (the effects of service improvements on demand and the cost savings derived from better transit with respect to reduced long-term care costs).

## Supporting Findings

### *Current Transit Services in Oregon for Older Adults and People with Disabilities*

**Public transportation for older adults and people with disabilities in Oregon currently comes in many forms and is offered by various types of providers.** *Fixed route bus service* is available mostly in the larger, more urban communities. Services specifically for older adults and people with disabilities also exist, ranging from large-scale demand response transit, such as TriMet’s LIFT program, to programs staffed by volunteers in the most rural parts of the state. Most demand response service is limited to older adults and/or people with disabilities, although some systems serve the general public when no fixed route service is available. Due to Oregon’s Special Transportation Fund program, every county and federally recognized Indian Tribe has a transportation program for older adults and people with disabilities. In addition, the Department of Human Services works with brokerages (public transit agencies and private companies, such as taxis) throughout the state to provide transportation for its clients, primarily for non-emergency medical trips.

**Two state agencies play major roles in the provision and funding of transit services: the Oregon Department of Transportation (ODOT) and the Department of Human Services (DHS).** ODOT develops the public transportation system through a partnership with local governments and other agencies by providing planning, financial support, and technical assistance. This includes public transportation for older adults and people with disabilities, but also includes service for the broader population. DHS buys rides for eligible clients from a wide range of entities, including taxis, ambulance services, transit agencies, and volunteers. Eligibility requirements limit the number of people served by DHS programs and the types of rides provided. Both agencies draw upon a number of different funding sources and, therefore, have more than one “program” or method by which they provide services, either directly or indirectly. DHS and ODOT work together to identify ways to improve transportation services for Oregon citizens and to identify continuing barriers and opportunities for improved coordination. Because of the limited

## Executive Summary

data available on DHS services, **the analyses here focus on the public transit programs coordinated by ODOT, particularly demand response transit.**

**Oregon public transit agencies or other organizations provide over 17 million rides annually to older adults and people with disabilities.** Of these, nearly 13 million (73%) occur on five fixed-route transit systems in the four largest urban areas (Portland, Eugene, Salem, and Medford). Another 5% of the rides occur on fixed route systems in rural areas. Overall, 23% of the rides occur on demand response systems, about two-thirds of which are in urban areas. DHS, with state and Medicaid funding, provides about 3 million additional rides for clients to reach non-emergency medical destinations through a brokerage system.

**Providers of demand response service vary significantly in terms of size and types of service provided.** Although over 100 separate entities provide demand response service in the State of Oregon, the majority of *rides* are provided by a handful of providers in the four largest urban areas. The majority of the *providers* are located in rural areas and are relatively small operators. More than half of the providers provide just 6% of the total demand response rides. The largest agency, TriMet, represents about 29% of the rides and the five next-largest providers represent 29% of the ridership; thus, combined, these six agencies serve about 58% of all of the demand response trips made by older adults and people with disabilities. The other five agencies are: Ride Connection, Inc., Rogue Valley Transportation District; Oregon Housing and Associated Services/Wheels service, operating in the urban area of Salem and Keiser; CARTS rural service, operating in Marion County; and Special Mobility Services/Lane County RideSource.

## Current Transit Funding in Oregon

**Transit agencies are supported by a variety of state, federal, and local funds.** The most important source of state funding for transit for older adults and people with disabilities is the Special Transportation Fund (STF), managed by ODOT's Public Transportation Division. The STF currently provides about \$9 million per year for program administration and services, from three main sources: (1) a 2¢ per pack tax on cigarettes; (2) excess revenues from fees from the issuance of state identification cards at the Driver and Motor Vehicle Services Division; and (3) the imputed gasoline tax revenue generated by sales of fuel for non-highway use, such as lawnmowers and chainsaws. Cigarette tax revenues account for about 45% of the STF revenues. Some transit providers also receive funding through Oregon Department of Energy Business Energy Tax Credits and the Mass Transit Assessment, an assessment on state payroll in ten areas of the state.

Oregon receives federal funding for transit through several different programs, some of which focus on services for older adults and people with disabilities, or for rural areas. In 2006-07, Oregon received over \$72 million in transit funding from the federal government, not including capital funds for New Starts projects. About 17% of these funds were for four key programs that primarily serve older adults and people with disabilities.

In addition to the state and federal sources, urban transit programs *generate* funds locally for all of their services. For example, TriMet, the City of Wilsonville (SMART) and Lane Transit District collect a payroll tax. Salem Area Mass Transit District and Rogue Valley Transportation District collect an ad valorem property tax. **Throughout the state, fares cover about 6-10% of the demand response systems' operating costs.** In the rural areas, state and federal funds are the largest single source of funding. **In the counties with the smallest populations and least amount of funds, lack of funding means that the services are limited to rides for essential trips, such as for medical services.**

**Per trip, demand response service can cost anywhere from two to nearly ten times as much to provide as fixed route bus service.** Most urban fixed route bus service costs about \$3.00-\$3.50 per trip to operate. Costs for fixed route service in Oregon's rural areas are much higher, a median of \$8.35 per trip. Costs for demand response transit trips range from about \$11 to \$26 per trip, depending on the system.

Over the past three years, DHS spent about \$50 million on 2.1 million medical transportation rides provided through brokerages. This reflects an average cost of about \$42 per trip. This higher cost reflects the need for special vehicles for some of these trips and the limited ability to transport more than one rider on a trip. Medicaid reimburses about 60% of the cost; the 40% local contribution is from Oregon general funds. DHS provided \$3.8 million over three years to fund some non-medical transportation for clients through the same brokerage system, although not in all parts of the state. The cost per non-medical trip is about \$25.

### ***Key Issues Facing the Transit System for Older Adults and People with Disabilities***

**There are two serious, though contrasting, problems facing providers of demand response service. This stems from the difference between demand response service provided as *complementary paratransit* and other demand response systems.** The Americans with Disabilities Act requires complementary paratransit service to be offered within three-quarters of a mile of fixed route transit service. Providers of complementary paratransit cannot limit the number of rides provided to eligible riders (people with

## Executive Summary

disabilities). Although these agencies work to lower costs as much as possible through operating efficiencies, **several providers are facing the difficult decision of cutting fixed route service (e.g., to more outlying areas or on Sundays) in order to control the costs of complementary paratransit.** In other words, the only way they see to significantly control the rising costs of the required complementary paratransit is to reduce the service area and/or hours of operation, which are both determined by the routes and hours of the fixed route system. **This is a key problem facing the major urban areas in the state.**

On the other hand, demand response systems that do not operate as complementary paratransit – mainly the systems in areas without fixed route transit – can place limitations on the amount of service provided based upon funding levels. While this allows them to control costs, it also means that, **because of funding limitations, many of the mobility needs of older adults and people with disabilities may not be served in areas with the other forms of demand response service. This is a key problem facing most of the small towns and rural areas of the state.**

**Agencies throughout the state have identified a long list of unmet transit needs facing older adults and people with disabilities,** including the need for service during non-standard hours (before 9:00 am and after 5:00 pm) for medical transportation, non-essential travel for seniors (e.g., shopping, social activities), and travel to work during non-standard employment hours. Rural providers also identified a need for service between counties, particularly to meet individuals' medical needs and to serve isolated seniors and people with low incomes. Similarly, DHS indicates a need for more transportation services for their clients.

**Increasing fuel costs and the increasing number of older adults will only exacerbate these problems.** Demand for services will continue to increase, along with costs, most likely at rates higher than in the past.

## Current Demographics, Trends, and Projections

Oregon's current population of older adults (those aged 65 or over, with or without disability) totals 462,314, or about 12.6% of Oregon's civilian, non-institutionalized population. **In 2010, approximately 13% of Oregon's population will be aged 65 or older, increasing to nearly 20% by 2030.**

With respect to people with disabilities, Oregon’s current population of people with *any* disability<sup>2</sup> numbers 559,876, or 16.3% of the total population, excluding children under the age of 5, for whom disability data are not gathered (18.1% of Oregon’s current population is aged 16 or over with a disability). Oregon’s current population of people with a “*go-outside-the-home-alone* disability”<sup>3</sup> numbers 156,724, or 5.4% of Oregon’s population of individuals aged 16 or over. (The rates of disability are correlated with age: 3.2% of those aged 16-64, 8.1% of those aged 65-74, and 26.1% of those aged 75+ have go-outside disability.)

**The population of older adults in Oregon varies by metropolitan area and by county.**

The metropolitan area with the highest proportion of older adults is Salem (20% of the population is 65 years of age or older; 26% is 65+), followed by Medford (17% is 65+; 21% is 60+). The metropolitan area with the lowest percentage of older adults is Corvallis (about 10% are 65+, and 12.7% are 60 or older).

The Oregon counties with the highest proportions of people aged 65+ are Curry (28%) and Wheeler (24%); Josephine, Tillamook, Lincoln, Baker, Coos, and Gilliam also have high proportions (20% to 21%). The counties with the lowest proportions of people aged 65+ are Washington County (9%), Benton County (10%), Morrow County (11%), and Multnomah County (11.6%).

Oregon is a largely rural state. **The lack of density poses problems for the provision of both fixed route and special transportation in Oregon’s rural counties.**

**The population estimates for 2030 reveal that the projected numbers of people having any disability will vary by age, with the largest numbers in the age 75+ and 21-64 age groups. The age 75+ group is projected to have the most dramatically increasing numbers of people with a go-outside disability.**

**The demographic projections show that the share of Oregon residents in urban areas will increase slightly, while the share in rural areas will decrease slightly.** In 2010, about 51% of the population will be in urban areas with populations of 50,000 or more, and 31% in rural areas with under 2,500 population. By 2030, the urban areas of 50,000 or more population are projected to comprise 53% of Oregon’s population, while the rural areas will constitute 27% of the population. **Thus, since it is easier to provide fixed**

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<sup>2</sup> One of six disabilities (i.e., sensory, physical, mental, self-care, go-outside-the-home, and employment) tracked in the U.S. Census Bureau’s decennial census and American Community Survey (see Appendix 3-3).

<sup>3</sup> One of the six disabilities mentioned above. See Sources of Data on Disability on page 35.

## Executive Summary

**route service in urban areas, it appears that, in the future, it may be possible to serve a slightly larger share of older adults and people with disabilities with fixed route transit.**

**A number of demographic and social trends will affect the transportation needs and demands of the coming generation of older adults, the Baby Boomers.**

- The number and proportion of older adults will be larger than ever before in history. The oldest old, those aged 85 and over, comprise the fastest growing segment of the U.S. population (*He et al. 2005*). It is this group that is most likely to be frail and in need of special transportation services.
- Although there is no consensus concerning whether disability rates will hold constant, decrease, or increase, the sheer numbers of individuals likely to need special transportation services will increase.
- Meeting the transportation needs of older adults who are adversely affected by changes in the traditional household structure – for example divorced or widowed women living alone or childless seniors – will be especially critical, both because these older adults may have fewer transportation resources when they can no longer drive and because they are at much greater risk of social isolation, which is detrimental to mental and physical health.
- Baby Boomers report that they plan to be more physically active than previous generations of seniors; thus, their transportation demands may be greater. Also, tomorrow’s older adults have traveled more and farther, and likely will have higher expectations for mobility than previous generations. Their higher levels of physical and cognitive health should facilitate independent use of transportation modes, including both driving and public transportation.
- The continuing trend toward “aging in place” is likely to mean that the majority of older adults will continue to live in single-family homes and in the suburbs, where destinations are more spread out, making transit service more difficult and expensive. At the same time, there are some indications that the next generation of older adults is more likely than younger adults to have a preference for more walkable locations, higher density living, and access to public transit, signaling the possibility of increased demand for transit.
- The trend toward later retirement or second careers could increase demand for transportation to and from work.

# Greater Regions of Oregon

## MAPS

1) [Click Here for Northern Willamette Valley Map](#)

(Map includes information on the Portland Metro region's 45-minute travelshed.)



Date: October 14, 2008  
To: Members of the Joint Policy Advisory Committee on Transportation (JPACT)  
From: Michael Jordan, Chief Operating Officer   
Re: Changes to the Planning department

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Metro recently launched an organization-wide project called the Sustainable Metro Initiative to enhance how we deliver our services by improving management practices across Metro and aligning many of our business functions. The goal of this initiative is to help Metro achieve its mission of protecting and enhancing the region's environment and quality of life - and to prepare us for increasingly complex challenges in the future. With over a million residents projected to join our region we must accommodate all aspects of a growing population, from land-use, parks and transportation planning to management of the region's solid waste system.

Effective October 1, Metro's organizational structure better aligns our programs with desired regional outcomes, enhances collaboration and provides a more strategic approach to solving regional problems and leading regional initiatives. Through these structural changes, we will increase our effectiveness by integrating related functions, elevating our sustainability goals and increasing transparency. The Metro management team has also been reoriented to better take advantage of available talent and align with the new organization structure.

As a result of these changes, programs that have been part of the Planning department will transition to two different work teams reporting to deputy chief operating officer Scott Robinson. Collaborative relationships among the new work teams will ensure that our approach to addressing planning and development issues is both coordinated and comprehensive. The structural changes to the Planning department are as follows:

#### **Planning and Development**

This work team reports to director Robin McArthur and includes:

1. Corridor Planning, which reports to deputy director Ross Roberts (503-797-1752); and
2. Planning and Placemaking, which reports to a deputy director (position currently vacant), comprising:
  - Transportation planning
  - Regional Travel Options (RTO)
  - Land use planning
  - Periodic planning in urban growth management, such as the urban and rural reserves effort
  - A Development Center which comprises the Transit Oriented Development (TOD) program, the Get Centered! Program, and the Nature in Neighborhoods program; the Development Center is under the management of Megan Gibb (503-797-1753).

3. Parks system planning will work closely with Planning and Development while reporting directly to the Sustainability Center.

#### **Research Center**

This work team reports to director Mike Hoglund (503-797-1743). The Research Center includes two groups: a modeling/forecasting group that combines transportation research and modeling services with economic and land use forecasting services, and the Data Resource Center (DRC).

In addition, there will be a newly formed Strategy Center, reporting to chief operating officer Michael Jordan (503-797-1541) to identify regional strategies and initiatives related to finance and investment, legislative issues, and global and national issues affecting regional planning and development. Staff support for JPACT and the Metro Policy Advisory Committee will be housed in the Strategy Center. Dedicated staff in the Strategy Center include Andy Cotugno, Andy Shaw, Randy Tucker, Kelsey Newell and Stacey Triplett (503-797-1882) who will serve as team leader. Richard Brandman will periodically report to the Strategy Center; the majority of his time is currently on loan to the Oregon Department of Transportation for the Columbia River Crossing project. The Strategy Center's role and structure will continue to evolve during the coming year.

While these changes allow us to better focus on our planning and development responsibilities, Metro will continue to partner with local governments as we make decisions to meet future challenges affecting our climate, environment and residents of our region. Changes resulting from this initiative will not significantly impact how Metro works with JPACT to determine transportation policy for the region.

Other major changes resulting from this initiative have realigned functions that formerly operated within the departments of Solid Waste & Recycling and Regional Parks & Greenspaces. Those changes are as follows:

#### **Parks and Environmental Services**

This work team reports to director Teri Dresler (503-797-1790) and includes:

1. Property stewardship of all Metro parks and services, such as Oxbow and Blue Lake regional parks, Smith and Bybee Wetlands, and pioneer cemetery management; and
2. Solid waste operations such as transfer stations, the St. Johns Landfill and latex paint recycling; and building services at the Metro Regional Center.

#### **Sustainability Center**

This work team reports to director Jim Desmond (503-797-1914) and includes:

1. Parks environmental education programs, natural area acquisition, natural area restoration and parks volunteer coordination; and
2. Solid waste reduction and outreach including the natural gardening and alternatives to pesticides programs and the Recycling Information Center.

For more information about our new management structure, search for "management" on our web site and click on the "Management and work teams" page. A press release about the Sustainable Metro Initiative can be found by going to <http://www.oregonmetro.gov/news> and clicking on the news release entitled "Metro realigns departments to better serve region."

If you have questions about specific programs within a work team, please contact the appropriate director or the program managers identified above. Questions encompassing more than one work team should be directed to Scott Robinson (503-797-1605).