

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ENDORSING)	RESOLUTION NO. 86-701
THE CONCLUSIONS AND RECOMMENDA-)	
TIONS OF THE OREGON ROADS AND)	Introduced by the
TRANSIT FINANCE STUDIES)	Joint Policy Advisory
)	Committee on Transportation

WHEREAS, The Regional Transportation Plan identifies a significant need for highway and transit investment in the Portland metropolitan area and establishes the funding shortfall as a key regional priority; and

WHEREAS, The Portland region and the other city, county and state agencies participated in the Oregon Roads Finance Study and Oregon Transit Finance Study; and

WHEREAS, These studies have developed short-range recommendations as a step toward the long-term solution; now, therefore,

BE IT RESOLVED,

1. That the Metro Council endorses the recommendations of the Oregon Transit Finance Study as summarized in Attachment A.
2. That the Metro Council endorses the recommendations of the Oregon Roads Finance Study as summarized in Attachment B.
3. That the Metro Council urges support of the recommendations by other jurisdictions in the Portland region.

ADOPTED by the Council of the Metropolitan Service District
this 20th day of November, 1986.


Richard Waker, Presiding Officer

AC/srs
6483C/472-2
11/05/86

OREGON TRANSIT FINANCE STUDY ADVISORY COMMITTEE

RECOMMENDATIONS FOR TRANSIT FUNDING

1. Transit Capital Assistance Fund

Provide \$6 million annually in state funds to match federal capital grants. The purpose of the state program would be to fund the entire local share of approved grants. The program would finance economic development related construction projects and fleet modernization. Fund the program with \$2 million in lottery and \$4 million in General Funds annually.

Make funds available to transportation districts, cities and counties, to be used to acquire: vehicles, facilities, transit stations, park and ride lots, and related capital items. All grants would have to be approved by the Oregon Transportation Commission.

2. Special Transportation Fund (STF)

Increase the cigarette tax devoted to the STF from 1 cent to 2 cents, to provide an additional \$2.86 million annually. Continue allocating the current 1 cent on a per capita basis. Assign the new 1 cent to the Transportation Commission for discretionary distribution.

The Commission should: (1) distribute one-half of the new revenue on a per capita basis, (2) provide each governing body with a minimum allocation of \$15,000, (3) provide each governing body with \$2,000 for administrative expenses and (4) allocate the remainder of the funds to meet other identified needs as determined by the Commission.

3. Current Operating Assistance

Continue the state's general fund commitment to funding transit operating costs. The In-Lieu of Payroll Tax Program should be continued at the current 0.6% level to provide approximately \$7.0 million annually.

The Small City and Rural Area Transit Assistance Program should be fully funded. The state should continue to seek General Funds to match federal Section 18 operating funds to assure an adequate level of operating assistance for small cities.

4. Pursue a Dedicated Funding Source

As a long-term solution to transportation's funding needs, the transit-highway community should continue to pursue and identify a permanent revenue source to be dedicated to transit.

ATTACHMENT B

OREGON ROADS FINANCE STUDY

RECOMMENDATIONS FOR HIGHWAY FUNDING

1. Long-Range Highway Finance Requirements

A comprehensive assessment of Oregon's long-range road needs and revenues was completed to provide a basis for the legislative recommendations. The assessment was conducted in a uniform, consistent manner for the three jurisdictions -- cities, counties and state -- and for all functional classifications of roads -- freeways, arterials, collectors and local roads. The study presents the full needs and documents the inadequacy of current revenue sources to correct existing problems and the further erosion of the revenue base due to improved fuel efficiency and inflation.

A long-term approach should be taken to address the revenue shortfall defined in the study -- a one-time permanent fix is simply not feasible. As such, the study lays out three six-year programs to provide the basis for future legislation, the first of which would be introduced to the upcoming Legislature.

2. Six-Year Finance Recommendation

To begin to address the problem, the first six-year funding program is proposed as follows:

- a) A 2-cent gas tax increase plus equivalent weight-mile tax increase each year for each of the next six years;
- b) A \$10.00 per year increase in the vehicle registration fee; and
- c) A titling fee of 2 percent of the value of the car to be paid when first titling the car in Oregon.

3. Distribution

The proposed increases in highway revenue would go into the State Highway Trust Fund for distribution to jurisdictions as follows:

- a) 50 percent to the State Highway Division
30 percent to Counties
20 percent to Cities
- b) At the 6-cent level, the equivalent of one cent (\$22 million) would be used to establish an Urban Arterial Program to be distributed to each urban area for capital improvements, as follows:

- 1) Funding would be distributed on a formula basis to all urban areas -- large, medium and small size;
- 2) The funding would be available for capital improvements to state, county or city arterials or collector roads within the Urban Growth Boundary; and
- 3) The specific improvements would be selected by mutual agreement of the Oregon Department of Transportation and the affected local and regional jurisdictions.

This distributional approach is intended to provide a balancing of statewide needs and priorities. The increases to the state will allow expansion of their Modernization Program and allow them to avoid erosion in the scope of their maintenance and preservation programs. The increases to cities and counties will allow them to fund deferred maintenance and preservation requirements and begin meeting modernization needs. If basic maintenance requirements are adequately funded, the proposed Urban Arterial Program will benefit the cities, counties and the state in meeting modernization required for growth and economic development.

AC/srs
6483C/472-3
11/05/86

CONSIDERATION OF RESOLUTION NO. 86-701 FOR THE
PURPOSE OF ENDORSING THE CONCLUSIONS AND
RECOMMENDATIONS OF THE OREGON ROADS AND TRANSIT
FINANCE STUDIES

Date: November 5, 1986

Presented by: Andrew Cotugno

FACTUAL BACKGROUND AND ANALYSIS

Proposed Action

Adopt the Resolution endorsing:

- A. The short-range financial recommendations of the Oregon Transit Finance Study with an emphasis on state support for capital grant local match and transit for the elderly and handicapped community.
- B. The short-range finance recommendations of the Oregon Roads Finance Study as the first increment of a long-range plan providing for operations and maintenance, preservation and modernization on the city, county and state road systems.

TPAC and JPACT have reviewed the conclusions of the Oregon Roads and Transit Finance Studies and recommend approval of Resolution No. 86-701.

Background

Two finance studies have been completed by a consortium of statewide transportation providers: the Oregon Roads Finance Study and the Oregon Transit Finance Study. The transit study was performed as a cooperative effort of ODOT and representative transit agencies. The roads study was a cooperative effort of ODOT and representatives from the cities and counties. In both cases, consulting assistance was employed to ensure a thorough and objective analysis of the various system needs and revenues.

Transit Finance Study -- Presented in this study is an assessment of the five-year financial condition of the transit operators statewide and the first two-year funding recommendation. The study found a common pattern throughout the state of inadequate service to meet the needs caused by eroding federal and local revenue sources and deferred capital improvements due to inadequate resources. The basis for state funding support is as follows:

- A. Transit supports the state's goals for economic development by providing access to jobs.
- B. In the most high-density corridors, provision of both transit and highway systems is the most cost-effective means of providing needed capacity, thereby helping to meet the objectives for the state highway system in those corridors.
- C. Throughout the state, transit supports other state-funded programs, such as service to the elderly, handicapped and low-income population, access to primary and secondary schools, access to job training, and achieving land use and air quality goals.

While the majority of benefits accrue to the local area receiving transit service, there is a distinct benefit to the state and state-funded programs. Therefore, a significant share of the responsibility for funding transit should remain with the local area, while a portion of the funding is appropriate from the state. The state currently provides 9 percent of the transit capital and operating resources statewide.

The recommendations of the transit study focus on currently established practices for state funding -- capital and special needs transportation. The study considered other options, such as a new dedicated state funding source for transit and provision of state operating support for transit. However, there was no final agreement on these alternatives.

The recommendations of the Oregon Finance Study are as follows:

- A. Provide \$6 million annually for the next biennium for local match on transit capital grants. This type of state support closely parallels the highway program, has been funded by the state in the past and ensures that transit operators can continue to meet basic capital requirements despite their constrained funding situation. This fund would be administered through ODOT with specific projects approved by the Oregon Transportation Commission.
- B. Increase the cigarette tax for special needs transit from 1¢ to 2¢ thereby providing an additional \$2.86 million annually. This would provide a firm financial base for service to this community and largely insulate them from the uncertainty of drastic service cuts.
- C. Continue current state funding for in-lieu-of payroll taxes for the larger districts and Small City and Rural Assistance Program for the smaller districts. TPAC recommends administering the State Capital Assistance Fund through the TIP Subcommittee in the same manner as federal funding is now administered.

Road Finance Study -- Presented in this study is an assessment of the long-range road needs for the city, county and state-owned roads and highways and the first six-year funding recommendation. The study compiled the road needs associated with operations and maintenance, repair and preservation and modernization of the system and identified current deficiencies as well as expected future deficiencies due to pavement deterioration and traffic growth. The assessment was done on a uniform basis across jurisdictional boundaries for all road classifications from freeways to local residential streets. In addition, a comprehensive assessment of revenues was compiled to establish the degree of funding shortfall for the different jurisdictions.

Overall, the magnitude of the problem is significant and cannot be solved as a single revenue package. Rather, the recommended approval is to meet the priority needs at the outset and adopt incremental increases in highway revenues. This recommendation focuses on the first six-year revenue package. The intent of the sponsoring jurisdictions is to report progress made toward solving the problem every two years and to update the analysis before introducing the next six-year revenue package to the Legislature.

The recommendations of the Oregon Roads Finance Study for increased revenues are predicated on maintaining a balance between "User Fees" and "Access Fees." User Fees (such as the gas tax and truck weight-mile tax) are appropriate for the heavier-used system of arterials and collectors in that, as usage increases, the amount of fee paid also increases. Access Fees (such as flat payment of title or registration fees) are appropriate for the lightly-traveled collector and local roads to provide funds to maintain the basic network. In addition, there is a balance maintained between costs to serve the automobile versus trucks. The specific recommendations for revenue increases are as follows:

- A. Increase the gas tax 2¢ per year each of the next six years (starting January 1, 1988) plus a comparable increase in weight-mile tax on trucks.
- B. Increase the vehicle registration fee from \$10 to \$20 per year.
- C. Establish a titling fee of 2 percent of the value of the car to be paid when first titling the car in Oregon.

The recommendations of the study for distribution of the increased revenue is intended to maintain a balance between state and local needs and, most particularly, between the need to meet critical modernization requirements on the state highway and urban arterial system and meeting basic maintenance and repair obligations on the local road network. The specific recommendations for distribution of the increased revenues are as follows:

- A. Distribute 50 percent to State Highway Division, 30 percent to counties, and 20 percent to cities. The

share to the state would allow establishment of a Modernization Program for the major state highways (urban and rural) at a \$40 million to \$80 million per year level (the current State Modernization Program is funded at \$40 million per year for five years). In addition, the state could avoid erosion of its maintenance and preservation efforts due to declining revenues.

The equivalent of the first 5% of the share to the cities and counties would go primarily to fund-deferred maintenance and repairs. At higher levels, these jurisdictions could meet upcoming preservation requirements (overlays) and begin meeting modernization requirements.

- B. At the equivalent of a 6% revenue package, \$22 million of the revenue package would be dedicated to an Urban Arterial Fund to be distributed on a formula basis to all urban areas -- small, medium and large. This fund would be for capital improvements on the state, county and city arterial and collector system within the Urban Growth Boundary. Projects would be selected by mutual agreement of the state and affected city and county jurisdictions. In the four urbanized areas with population greater than 50,000, existing regional agencies would provide the mechanism for this process. In the Portland region, this would be handled by Metro with the involvement of JPACT and TPAC.

The principles of the program would be established by statute with the details carried out by ODOT under administrative rule adopted by the Oregon Transportation Commission. If the revenue package adopted by the Legislature is the equivalent of 5% or less, enabling legislation would be requested to allow ODOT, the counties and cities to voluntarily establish such a program using existing revenues.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 86-701.

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11/13/86

Absent: Knowles

The motion carried and Ordinance No. 86-211 was adopted.

7.2 Consideration of Ordinance No. 86-212, for the Purpose of Amending Metro Code Section 5.02.050 to Allow for the Exemption of Solid Waste from the Metro Regional Transfer Charge when it is Delivered to Marion County Solid Waste Facilities by Commercial Haulers (Second Reading)

The Clerk read the Ordinance a second time by title only. There was no discussion on the Ordinance.

Motion: The motion to adopt Ordinance No. 86-212 was made by Councilors DeJardin and Van Bergen at the meeting of November 13, 1986.

Vote: A vote on the motion resulted in:

Ayes: Councilors Collier, Cooper, DeJardin, Frewing, Gardner, Hansen, Kelley, Kirkpatrick, Ragsdale, Van Bergen and Waker

Absent: Knowles

The motion carried and Ordinance No. 86-212 was adopted.

8. RESOLUTIONS

8.2 Consideration of Resolution No. 86-701, for the Purpose of Endorsing the Conclusions and Recommendations of the Oregon Roads and Transit Finance Studies

Andy Cotugno, Transportation Director, reviewed staff's written report in detail. He explained the state-wide roads and transit finance studies were conducted separately but were coordinated to ensure compatible recommendations. He then discussed Attachment A to the Resolution (Oregon Transit Finance Study Advisory Committee: Recommendations for Transit Funding).

Regarding the transit study, Councilor Kelley was concerned that disabled transit users had not been interviewed regarding their future transit needs. She served on the Committee on Accessible Transit and said that committee had not heard of any discussion with the disabled regarding transit needs. Mr. Cotugno thought disabled citizens had participated in the study.

After Mr. Cotugno's review of Attachment B to the Resolution (Oregon Roads Finance Study: Recommendations for Highway Funding), Coun-

cilor Kelley said she would support the study's recommendations with the exception of the first 1¢ gas tax because she thought it a mistake not to involve the input of disabled transit users in the transit study.

Councilor Frewing said he was disappointed the two study groups did not integrate their recommendations and that the transit study was not more future oriented. He thought transit users deserved more from the study and suggested transit financing issues be brought before the voters of the region. He asked what impact would result if the Council did not endorse all recommendations presented in the Resolution.

Mr. Cutugno explained bills incorporating the recommendations had been introduced into the legislative process the previous day and that the endorsement of all parties involved would aid the bills in the legislative process. He added the bill only addressed the first two years of financing.

Councilor Hansen said he endorsed the bulk of the report but could not support a recommended \$10 per year increase in the vehicle registration fee. Voters had not support such an increase in the past, it was too large an increase at one time, and a fixed fee was unfair to the poorer population. The Councilor supported stronger use of the gas tax and said he would not support the Resolution as submitted.

Councilor Ragsdale asked how the Portland metropolitan area would fare under the increased revenue collection plan proposed by the highway study. Mr. Cutugno said urban areas had fewer vehicles per capita and would therefore not fare as well as other areas.

Main Motion: Councilor Van Bergen moved to adopt Resolution No. 86-701 and Councilor DeJardin seconded the motion.

Responding to Councilor Ragsdale's question, Mr. Cotugno said by endorsing the Resolution, the Council would still have latitude to suggest amendments to the Legislature in the future. The Councilor said he strongly recommended the Council work within the legislative process to seek amendments recognizing the state's growth areas when planning transportation projects.

Presiding Officer Waker said he would send a letter to the Legislature addressing the Council's concerns regarding transit and highway funding.

A discussion followed about whether the Council should amend the Resolution to include their concerns. Mr. Cotugno explained many

parties had invested a great deal of time to reach a consensus on the recommendations presented in Attachments A and B of the Resolution.

Councilor Van Bergen agreed the Council should not make changes to the Resolution, explaining the bill would go through many changes in Salem as part of the legislative process. He said the Council's changes were small compared with the many issues reached by consensus by the many state and local officials who had developed the recommendations.

Motion to Amend: Councilor Frewing moved to amend the Resolution by adding the words "principles in the" in front of the word "recommendations" wherever it appeared in the "be in resolved" sections. Councilor Kelley seconded the motion.

Councilor DeJardin asked why the amendment had been proposed. Councilor Frewing explained his proposed language would lend more flexibility to the recommendations presented in the Resolution. Councilor DeJardin said he agreed with Councilor Van Bergen and that to amend the Resolution would result in weakening its impact in the legislative process.

Vote on the Motion to Amend: A vote on the motion resulted in:

Ayes: Councilors Frewing, Hansen and Kelley

Nays: Councilors Collier, Cooper, DeJardin, Gardner, Kirkpatrick, Ragsdale, Van Bergen and Waker

Absent: Councilor Knowles

The motion to amend the Resolution failed.

Vote on the Main Motion: A vote on the main motion resulted in:

Ayes: Councilors Collier, Cooper, DeJardin, Gardner, Kirkpatrick, Ragsdale, Van Bergen and Waker

Nays: Councilors Frewing, Hansen and Kelley

Absent: Councilor Knowles

The motion carried and Resolution No. 86-701 was adopted.