

 **Metro** | *Agenda*

Meeting: JPACT Subcommittee – Regional Funding
Date: Tuesday, Oct. 23, 2012
Time: 7:30 to 9 a.m.
Place: Metro Regional Center, Room 370A/B

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1. **WELCOME AND INTRODUCTIONS** **Carlotta Collette, Chair**

 2. **DISCUSS POLICY AND FUNDING ISSUES FOR POTENTIAL
2013 JPACT LEGISLATIVE AGENDA WITH REGIONAL
PUBLIC LOBBYISTS**

 3. **ADJOURN** **Carlotta Collette, Chair**

Date: October 17, 2012
To: JPACT Finance Committee
From: Randy Tucker, Metro; Dennis Mulvihill, Washington County; Gary Schmidt, Clackamas County
Re: Potential transportation agenda for the 2013 legislative session

I. Introduction:

Before each legislative session, the public lobbyists of the region work with JPACT to develop a transportation-specific regional legislative agenda. This memo is an attempt to “set the table” for JPACT’s eventual adoption of a regional transportation agenda for 2013. (Resolution 11-4223, which described the region’s 2011 agenda, is attached for your reference. That resolution described three high-level priorities to support or protect: jobs and economic recovery, local funding options, and multimodal investment.)

This memo begins with a set of questions for discussion, continues with a scan of the political environment, and concludes with background information on the central transportation policy and finance issues likely to be discussed in Salem in 2013.

II. Questions for Discussion (see Section IV for discussion of policy and finance issues)

General:

Given the current political, fiscal and economic climate described in the environmental scan below, should the region (a) ask for nothing; (b) look for small wins; (c) focus on a single major priority; or (d) go all out?

Specific:

- Is funding for the Columbia River Crossing the region’s sole transportation priority for the 2013 session? If so, what are the strategic implications of this positioning?
- If not, should the CRC be the region’s top priority? Alternatively, should the region adopt a broader range of priorities from the items below?
- Does the region wish to urge the Legislature to raise road revenues, beyond what is required to fund the CRC, to address local and regional needs?
- In considering the region’s position on CRC funding, how important are the following previously adopted regional priorities:
 - a funding approach that does not come at the expense of other projects in the region (JPACT’s 2011 position)?
 - a commitment to build the full project, including the road, bike, pedestrian and transit improvements intended to mitigate the impact of the project on local communities in

the project area; the creation of a Community Enhancement Fund; and/or other accommodation for community impacts?

- allowing existing prohibitions on local revenue raising authority to expire, and not establishing any new ones?
- Does the region support the general non-roadway funding concept described below?
- Does the region continue to support a mileage-based fee per its 2011 legislative agenda? If so, should this fee be structured for the primary purpose of replacing the gas taxes not paid by high-mileage and alternative fuel vehicles, or should it be designed to achieve multiple objectives, including rewarding efficiency, reducing pollution and managing demand on the road system?
- Are there other priorities or initiatives not outlined in this memo that should be considered or addressed in the 2013 session?

III. Environmental Scan

So it is said that if you know others and know yourself, you will not be imperiled in a hundred battles; if you do not know others, but do know yourself, you win one and lose one; if you do not know others and do not know yourself, you will be imperiled in every single battle.

– Sun Tzu, *The Art Of War*

Since the end of the 2011 legislative session, several processes that have implications for transportation policy and finance in Oregon have been moving forward. Meanwhile, events from the regional level to the national level shape the environment in which we operate. While these larger political and economic trends always affect what is possible in the Legislature, the crosswinds this year seem to be creating more than the usual level of turbulence.

Strengths

- The Portland metropolitan region has worked together to prioritize and secure transportation funding and the adoption of significant legislation at the state and national level.
- A majority of the region's political leaders have knowledge of local and regional needs and ownership of the Regional Transportation Plan.
- In FY 2010, Clackamas, Multnomah and Washington counties had 43% of Oregon's population, 46% of its businesses, 54% of its employees and 58% of annual state wages and salaries and generated approximately 51% of the state's property tax revenues and 52% of personal income tax revenues.¹

¹ PSU Population Research Center (<http://www.pdx.edu/prc/population-estimates-0>), 2010 State of Oregon personal income statistics (http://www.oregon.gov/dor/forms/personal/or-personal-income-tax-2010-statistics_101-406_2012.pdf), Bureau of Economic Analysis wages data

- The region has a shared identity, functions as a single zone for commerce, communication and transportation, and is characterized by social, economic and environmental interdependence.

Weaknesses

- Public attitudes about regional planning priorities and the role of government are ambivalent and fragmented.
- The region has no proof of harm or lost opportunities that would result from waiting until 2014 or beyond to raise taxes for transportation.
- HB 2001, the Oregon Jobs and Transportation Act (2009), raised taxes to provide \$300 million annually statewide, and few are expressing urgency about the need for another package at this time (beyond funding for the CRC).
- The State authorized counties in this region to raise the vehicle registration fee in 2009 to address transportation needs.
- Economic recovery in all areas of Oregon remains stalled, especially in rural Oregon.
- Transportation investments are not the greatest need of rural counties at this time of economic distress.
- Transportation is not a top priority of regional or statewide business associations.
- Recent public opinion polls do not identify transportation and traffic congestion as a top policy priority.
- Addressing the problems associated with Oregon's property tax system is a higher priority for individual jurisdictions and statewide organizations than a lack of transportation dollars.
- Three key elected bodies in the region will have new members and need time to develop working relationships.
- The region has a sufficient number of legislators to block but not pass legislation.

Opportunities

- Oregon's economy is recovering slowly, making job expansion/economic recovery through infrastructure investments a viable option.
- Jurisdictions are working together to find ways to pool resources and talent to find creative solutions to funding challenges (Community Investment Initiative, JPACT coordination for TIGER IV grants, progress through county coordinating committees).
- Shared leadership of the Oregon House, which inspired legislators to seek the greater good in 2011-12, may continue in 2013.

(<http://www.bea.gov/iTable/iTable.cfm?ReqID=70&step=1&isuri=1&acrdn=5>), US Census
 (<http://quickfacts.census.gov/qfd/states/41/4159000.html>).

- The need for Oregon to provide its share of funding for the Columbia River Crossing project (\$450 million +) is the transportation priority for the Governor and legislative leadership.
- The Columbia River Crossing is well-positioned to receive federal support (TIFIA and New Starts), but only if Oregon and Washington each provide their state's share of funding in 2013. This may create a sense of urgency for the Legislature.
- The urgency of the need to provide state funding for the CRC in 2013 could prompt a larger conversation about transportation revenues and investments.
- A recent task force report on non-roadway funding has spurred a broad coalition of transportation interests to develop a policy proposal.
- Legislation to generate state investment in industrial site readiness is gaining traction; many of the needed investments are transportation projects.
- Governor Kitzhaber's draft 10-year energy action plan lists accelerating the market transition to a more efficient, cleaner transportation system as one of its three core strategies.

Threats

- Continued economic stagnation or decline in Oregon and nationally.
- Political deadlock at the state and federal levels.
- Potential election of local leaders who question the importance of and need for regional partnerships.
- Initiative petitions at state and local level to limit or direct the role of representative governance.
- Expansion and acceleration of the shifting of financial responsibility for services and programs from the federal government to the state and local levels to help address the federal budget deficit.
- Continued prohibition of federal earmarks.
- Continued increases in the cost of gasoline, which could affect the public's willingness to provide additional resources for the transportation system (the portion of the average Oregonian's disposable income spent on fuel has doubled in the last ten years, to 7%²).
- National election results in November 2012 and their effect on possibilities: e.g., whether to reauthorize the federal transportation bill and how to address federal debt.

IV. Transportation Policy and Finance Issues

The following is a "menu" of topics that JPACT might want to address in a 2013 agenda.

² Governor Kitzhaber's Draft 10-Year Energy Action Plan

a. Columbia River Crossing: The CRC has dominated transportation discussions for several years now, and Governor Kitzhaber’s top transportation priority for 2013 is to secure the state’s portion of the CRC funding package. Economic expansion and job growth require continual investment in multimodal transportation infrastructure and the commitment of new revenues to the CRC is necessary for work to proceed on other priority projects.

Project advocates have long suggested that “it’s now or never” to move forward on the project if we expect to get federal dollars. Passage earlier this year of a two-year federal transportation authorization bill makes 2013 a legitimate window of opportunity. That bill vastly expanded TIFIA, a federal loan guarantee program, and the CRC is very highly rated against the criteria for that program. The light rail element of the project is also highly recommended for New Starts funding and is in the President’s proposed budget. However, the project cannot even apply for TIFIA or New Starts until local funding has been secured. If both Oregon and Washington act in 2013, both of these funding applications can be submitted with great confidence of success.

The state funding request for the CRC is expected to be for a revenue stream to support a bonded contribution of \$450 million or more, depending on project phasing. The Governor does not support using the gas tax to provide this revenue stream; one of several other options to raise \$450 million would be a combination of a \$5 vehicle registration fee and an \$8 title fee.

Specific issues:

- **Funding approach:** In 2011, JPACT’s agenda for the CRC read: “Support state funding approach that recognizes statewide importance of this project.” This language reflected a regional understanding that the benefits of the state’s investment will accrue to the whole state, and that the state’s contribution should therefore not come at the expense of other transportation projects in the region any more than it should come at the expense of other projects around the state. The legislative oversight committee has articulated its interest in treating the CRC as a statewide priority (like the bridges in OTIA III and the earmarked projects in the Jobs and Transportation Act), and no one has publicly advocated a state funding approach that disadvantages this region. However, concerns remain that legislators from other areas of the state might push for such an approach.
- **Community impacts:** While the project would provide benefits that would be both significant and broad-based, it could also have significant negative impacts that are localized and focused on the communities in the project’s immediate vicinity. To address these impacts, the project includes new local roads, local street connections and other improvements critical to mitigate the impact on nearby neighborhoods.

The Governor has asked ODOT to look for ways to reduce both the immediate cost and the footprint of the project. One way to do so might be to divide the project into phases. However, this could mean that many of the local improvements described above would be delayed until a later date and might never be built.

Beyond these local improvements, which are part of the project itself, the CRC has committed to the development of a Community Enhancement Fund to address the impacts on the local community of I-5 south of the bridge, which divides the community it passes through. This commitment responds to a condition of approval that was adopted by JPACT and the Metro Council in Resolution 08-3960B and further endorsed in Resolutions 11-4264 and 11-4288. However, pressure from the region might be necessary to ensure that this commitment is carried out.

b. Other road funding: It is currently unclear whether the Legislature will have the appetite for funding anything beyond the CRC (if that). However, pressure from other areas of the state to fund local projects in addition to the CRC could lead to a broader funding conversation. Given the current statewide need for job creation, one theme for any additional road funding could be to focus on industrial site access, freight bottlenecks, transit-oriented economic development sites, etc.

c. Non-roadway funding: In late 2011, the Governor convened a large working group to consider how to carry forward the charge from the 2008 Vision Committee to develop a dedicated source of funding for transportation facilities and operations that cannot be paid for with highway fund dollars. While that group's efforts were not conclusive, they have spurred a series of conversations among the members of the broad transportation lobby (specifically the Oregon Transportation Forum – formerly the Oregon Highway Users Alliance, re-formed in 2011 to focus more broadly on the entire multimodal transportation system).

The concept under discussion would build upon ConnectOregon. It would create a dedicated funding source that would be evenly divided between investments in moving freight (air, rail, marine) and moving people (transit, bicycle, pedestrian). Unlike ConnectOregon, it would not be limited to capital investments, but could be used for operations as well (e.g., public transit).

d. Road user fees: In 2011, JPACT's agenda included an item that read: "Support a mileage-based fee on electric and plug-in hybrid electric vehicles to account for impacts from vehicles that generate little or no gas tax." While the effort to pass this legislation failed in 2011, a similar bill will be introduced in 2013 at the request of the Road User Fee Task Force. The current draft would impose a fee of 1.56 cents/mile on vehicles that get over 55 MPGe (miles per gallon equivalent). It is assumed that Oregon would eventually move away from the gas tax and replace it with some sort of user fee; many policy questions remain, including how to account for the differences between vehicles in efficiency and emissions and how to use pricing for managing transportation demand.

ODOT has already conducted a successful VMT pilot program and is currently conducting a second small pilot to test technology for revenue collection. The Community Investment Initiative's Leadership Council has discussed a significantly expanded pilot project that builds on the first pilot with greater numbers of participants and a larger variety of approaches.

e. Local revenue-raising authority: JPACT's 2011 legislative agenda included the following priority:

Preserve and Expand Local Options: The transportation challenge will require innovative policy and new funding commitments at all levels of government. Accordingly, the Legislature should remove existing restrictions on local and regional revenue-raising authority; avoid enacting new limitations or pre-emptions; and explore new structures and authorities that give local governments the flexibility to build, operate and fund transportation systems that support prosperity, livability and sustainability.

The Jobs and Transportation Act includes a prohibition on local vehicle registration fees (except to build the Sellwood Bridge) that sunsets on July 1, 2013, and a pre-emption of local gas taxes that expires on January 2, 2014. It is possible that extensions of these pre-emptions or other limitations on local revenue-raising authority might be proposed in the context of the CRC funding conversation.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING) RESOLUTION NO. 11-4223
REGIONAL POLICY AND FUNDING)
PRIORITIES FOR 2011 STATE) Introduced by Councilor Carlotta Collette
TRANSPORTATION LEGISLATION)

WHEREAS, the passage of House Bill 2001, the Jobs and Transportation Act of 2009, represents a milestone for both the Portland metropolitan region and the state of Oregon; and

WHEREAS, the region applauds the work of the Legislature to pass this landmark legislation, which includes both critically needed funding and innovative policies; and

WHEREAS, the governments of the region recognize the importance of continuing to invest strategically in public infrastructure, particularly transportation infrastructure, as a way to support private investment and economic recovery in these difficult economic times; and

WHEREAS, transportation investments that contribute to economic recovery also bring increased revenues to local and state governments, thereby helping to ease the crisis in public budgets; and

WHEREAS, our region has a track record of creatively financing forward-looking transportation investments that address the needs of both the present and the future, and of combining smart investment with policy innovations that support good jobs, livable communities and a sustainable environment; and

WHEREAS, a combination of careful planning and strategic investments supported by local, regional, state and federal resources has helped to make this region the economic engine of the state and an example to the nation; and

WHEREAS, in the face of today’s challenges, we need to extend this tradition of leadership by pursuing supportive policy and funding proposals in the 2011 legislative session; now, therefore,

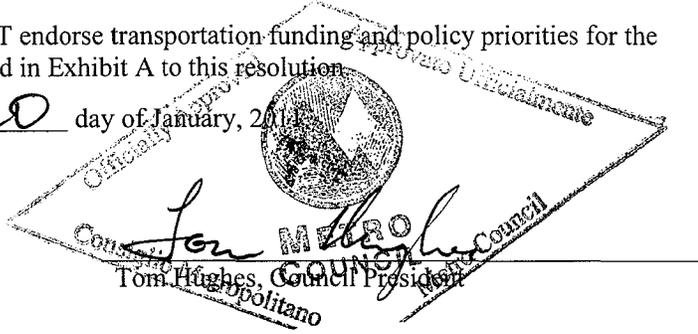
BE IT RESOLVED:

1. That the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT) adopt the following principles to guide the region’s approach to transportation issues in the 2011 legislative session:

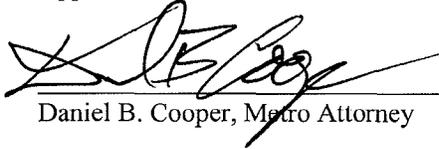
- Jobs and Economic Recovery: The local governments of the Portland metropolitan are committed to partnering with others to support economic recovery through the creation and efficient operation of a robust transportation system.
- Preserve and Expand Local Options: The transportation challenge will require innovative policy and new funding commitments at all levels of government. Accordingly, the Legislature should remove existing restrictions on local and regional revenue-raising authority; avoid enacting new limitations or pre-emptions; and explore new structures and authorities that give local governments the flexibility to build, operate and fund transportation systems that support prosperity, livability and sustainability.
- Support Multimodal Investment: Oregon should continue its lottery-backed program of investment in multimodal projects that support freight mobility and transit; identify new, ongoing state funding to support transit, pedestrian, and bicycle facilities; and make a financial commitment to high speed rail project development.

2. That the Metro Council and JPACT endorse transportation funding and policy priorities for the 2011 legislative session as reflected in Exhibit A to this resolution

ADOPTED by the Metro Council this 20 day of January, 2011



Approved as to Form:


Daniel B. Cooper, Metro Attorney

2011 Regional Transportation Agenda: Specific Recommendations

<p><u>HB 2001</u> – Defend against any efforts to modify in ways that reverse policy direction or reduce funding or authority for the Portland region or its local governments.</p>
<p><u>Columbia River Crossing</u> – Support state funding approach that recognizes statewide importance of this project.</p>
<p><u>ConnectOregon 4</u> – Support a fourth round of <i>ConnectOregon</i> funding.</p>
<p><u>Mileage-based fee</u> – Support a mileage-based fee on electric and plug-in hybrid electric vehicles to account for impacts from vehicles that generate little or no gas tax.</p>
<p><u>High-speed rail</u> – Support continued development of high-speed rail. Establish a transparent and accountable decision making process that includes regional representation.</p>
<p><u>Transportation Planning Rule</u> – Support rulemaking to remove barriers to implementation of the 2040 Growth Concept.</p>
<p><u>Access management</u> – Support an approach to access management that (a) better balances traffic operations with community and economic development by developing standards that work in an urban environment; (b) improves safety for all modes, including biking and walking, on urban arterials; and (c) embraces the participation of key stakeholders.</p>
<p><u>High-capacity transit</u> – Support state funding to match regional contributions to Southwest Corridor and Lake Oswego Streetcar projects.</p>
<p><u>Dedicated transit funding</u> – Support efforts to identify dedicated funding for public transit.</p>
<p><u>Active transportation</u> – Continue investment of state transportation funds to bicycle and pedestrian facilities outside the road right-of-way by allocating \$2 million to Urban Trail Fund to be distributed through a competitive process.</p>
<p><u>Recreational immunity</u> – Extend legal immunity to property owners who allow the use of trails on their land for transportation purposes.</p>
<p><u>Low-speed greenways</u> – Authorize local governments to facilitate safer walking and cycling by reducing speed limits on low-volume, low-speed neighborhood streets.</p>
<p><u>Climate</u> – Monitor, and support as appropriate, legislation related to the Oregon Sustainable Transportation Initiative, proposals of the Oregon Global Warming Commission related to transportation, and other statewide efforts.</p>
<p><u>Business Energy Tax Credit</u> – Oppose efforts to reduce or curtail use of the BETC for transportation-related conservation measures.</p>