

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING) RESOLUTION NO. 13-4402
REGIONAL POLICY AND FUNDING)
PRIORITIES FOR 2013 STATE) Introduced by Councilor Carlotta Collette
TRANSPORTATION LEGISLATION)

WHEREAS, the governments of the Portland metropolitan region recognize the importance of investing 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, the Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public; and

WHEREAS, the Columbia River Crossing is poised to receive federal support once the states of Oregon and Washington have secured their share of the overall funding package for the project; and

WHEREAS, the Governor’s Vision Committee, which in 2008 developed the framework that led to the passage of the landmark 2009 Jobs and Transportation Act, included in that framework a recommendation that the state identify a source of dedicated funding to support multimodal transportation investments that cannot be paid for with highway fund dollars; and

WHEREAS, subsequent efforts have advanced that recommendation by attempting to quantify the funding gaps for various non-roadway transportation modes and proposing potential institutional structures and funding sources to close those gaps; 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 2013 legislative session; now, therefore,

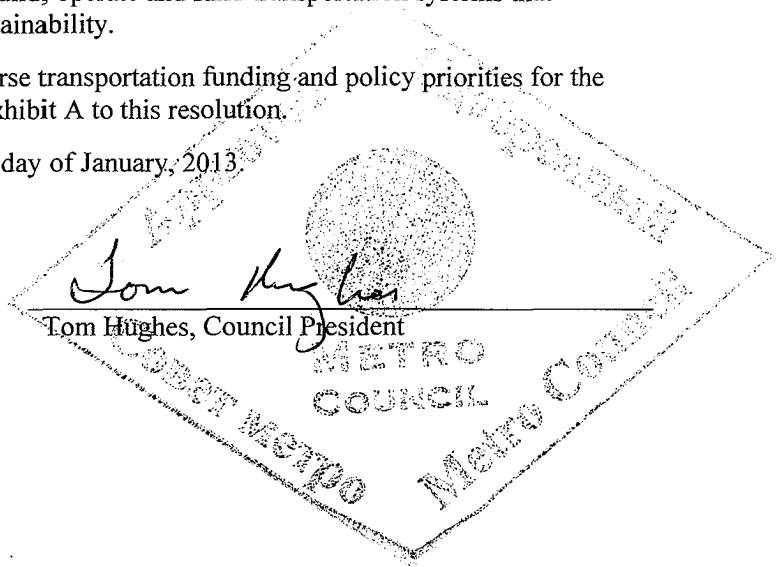
BE IT RESOLVED:

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 2013 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.
 - Support Multimodal Investment: Oregon should build upon its lottery-backed program of investment in multimodal capital projects that support freight mobility and transit by identifying new, ongoing state funding that supports those projects as well as transit operations and pedestrian and bicycle facilities.

- Preserve and Expand Local Options: The transportation challenge will require innovative policy and new funding commitments at all levels of government, including additional local funding to repair and maintain existing transportation facilities. 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.

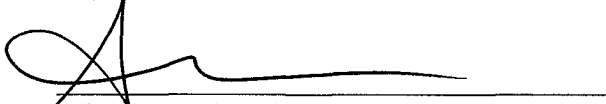
2. That the Metro Council and JPACT endorse transportation funding and policy priorities for the 2013 legislative session as reflected in Exhibit A to this resolution.

ADOPTED by the Metro Council this 24 day of January, 2013.



Tom Hughes, Council President

Approved as to Form:


Alison Kean Campbell, Metro Attorney

2013 Regional Transportation Agenda:
Specific Recommendations

Columbia River Crossing – The Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public. JPACT and the Metro Council urge the Legislature to commit the state’s share of the project finance plan as follows:

- The funding approach must recognize the statewide importance of this project and not come at the expense of other projects in the region.
 - The funding approach must reflect a commitment to build the full project, including road, bike, pedestrian and transit elements.
 - Improvements intended to mitigate the impact of the project on local communities in the project area should not be deferred until an undefined and unfunded later phase of construction.
 - Follow through on the creation of a Community Enhancement Fund.
 - The funding package must not extend the current pre-emptions against local gas taxes or registration fees.
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ConnectOregon V – Support a fifth round of *ConnectOregon* funding.

Non-roadway funding – Support the creation of a permanent funding stream for non-highway transportation.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4402, FOR THE PURPOSE OF ENDORING REGIONAL POLICY AND FUNDING PRIORITIES FOR 2013 STATE TRANSPORTATION LEGISLATION

Date: December 6, 2012

Prepared by: Randy Tucker

BACKGROUND

In difficult economic times, strategic investment in public infrastructure, particularly transportation infrastructure, offers a way government can act to support private investment and economic recovery. An efficient and adequately funded transportation system is critical to ensuring a healthy economy and livable communities throughout our state. Moreover, transportation investments that create jobs and contribute to economic prosperity also bring increased revenues to local and state governments, thereby helping to ease the crisis in public budgets.

After years of stagnation in transportation funding, the investments supported by Oregon Transportation Investment Acts (OTIA) I, II and III (2001, 2002, and 2003), by the *ConnectOregon* I, II, III and IV packages (2005, 2007, 2009 and 2011), and by the Jobs and Transportation Act (JTA) in 2009 have created jobs, improved safety and helped Oregon respond to important economic opportunities. This is also true for legislative actions supporting capital investments in public transit and authorizing transit agencies to increase operations funding.

To be sure, funding shortfalls remain: a significant backlog of key modernization projects remains unfunded, local governments lack adequate revenues to maintain the existing system, and public transit systems continue to struggle to provide adequate service. Given the range of needs, there are many actions the Legislature can take to support an efficient, reliable, and sustainable transportation system.

However, there is an emerging consensus that the region's top priority for 2013 is to work with numerous partners to secure Oregon's share of funds to build the Columbia River Crossing (CRC). 2013 is a key window of opportunity for the CRC. Replacing the I-5 bridge over the Columbia is Governor Kitzhaber's top transportation priority and one of the top three overall priorities of the Oregon Business Plan. The project is poised to receive federal funding through New Starts and the TIFIA program, but only if Oregon and Washington commit their share of the overall finance package in the coming year.

Another emerging priority has to do with funding for non-highway transportation investments. Not only will a new round of *ConnectOregon* be proposed in 2013, but a statewide coalition that includes many of the organizations that lobby the Legislature on transportation issues is developing a proposal that could lead to ongoing funding for multimodal transportation, including funding for transit operations and bicycle and pedestrian investments not heretofore included in the *ConnectOregon* program. Both *ConnectOregon V* and the creation of a permanent non-highway funding stream have also been endorsed in the Oregon Business Plan.

Provisions of Resolution 13-4402: The resolution proposes three high-level principles to guide the region's participation in transportation discussions in 2013:

- Support jobs and economic recovery
- Support multimodal investment
- Preserve and expand local options (including revenue raising authority)

In service of these principles (the same general principles included in the 2011 JPACT agenda), Exhibit A includes specific recommendations. Attached to this staff report is an annotated version of Exhibit A that includes brief discussions of these recommendations.

Discussion: Metro and local government staff who developed this resolution initially presented a range of issues for discussion by the JPACT Finance Committee on October 23. JPACT members share an understanding of the challenging political, economic and budget environments at the state level. In that context, this agenda proposes to focus the region's strongest efforts on achieving a single top priority (financing for the CRC). Other priorities include defending past progress, maintaining existing local revenue authority and restoring authority that has been temporarily suspended, seeking additional local flexibility, and continuing our region's innovative approach to transportation system development in ways that support economic prosperity, livable communities, and environmental sustainability.

Issues to consider: See the attached annotated version of Exhibit A.

ANALYSIS/INFORMATION

1. **Known Opposition:** None (to this resolution). Opposition to individual recommendations could come from a variety of sources depending on the specifics of the recommendation. Given the challenging budget climate and the shortage of funding for most transportation needs, recommendations that require funding may generate opposition based on competition for funds.
2. **Legal Antecedents:**
 - Oregon Transportation Investment Acts I, II, and III (HB 2142, 2001; HB 4010, 2002; HB 2041, 2003).
 - ConnectOregon I, II, III and IV multimodal investment packages (SB 71, 2005; HB 2278, 2007; sections 8, 9, and 10 of HB 2001, 2009; HB 5036, 2011).
 - Oregon Jobs and Transportation Act (HB 2001, 2009).
 - Metro Council Resolution No. 04-3498, For the purpose of endorsing regional priorities for a state transportation funding package; Resolution No. 07-3764, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution No. 08-3921, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution No. 08-3956, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution 08-4003, For the purpose of endorsing final regional priorities for 2009 state transportation funding legislation; Resolution 11-4223, For the purpose of endorsing regional policy and funding priorities for 2011 state transportation legislation.
3. **Anticipated Effects:** The proposed resolution establishes policy guidelines for the region's advocacy efforts related to transportation in the 2013 Oregon Legislature.
4. **Budget Impacts:** No direct impacts. Local and regional governments will dedicate existing staff to advocacy.

RECOMMENDED ACTION

Staff recommends adoption of Resolution 13-4402.

2013 Regional Transportation Agenda:
Specific Recommendations

Columbia River Crossing – The Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public. JPACT and the Metro Council urge the Legislature to commit the state’s share of the project finance plan as follows:

- **The funding approach must recognize the statewide importance of this project and not come at the expense of other projects in the region.**

JPACT adopted this position in its 2011 legislative agenda. The funding plan for the CRC calls for a state contribution in the range of \$450 million, in addition to a regional contribution in the range of \$1-1.3 billion that would be funded by tolls. (Other contributions are expected from the state of Washington and from the federal government). The language of Exhibit A reflects a regional understanding that the benefits of this investment accrue to the whole state; thus the state’s contribution should 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. Past transportation funding approaches have reflected this understanding in different contexts:

- *The earmarked projects in the Jobs and Transportation Act (2009) were not considered part of the formula allocation of new revenues to local jurisdictions around the state.*
- *OTIA III (2003) allocated \$1.3 billion to ODOT bridge repair statewide and \$300 million to city/county bridge repair; this money was “taken off the top” without regard to the location of the bridges that were repaired and without otherwise affecting the formula for distribution of city and county highway fund dollars.*
- *The 2007 Legislature reserved \$56 million to assist counties suffering from the loss of timber payments; this money, distributed in 2008, came out of the ODOT share of the highway trust fund and did not come at the expense of other funding allocations to cities and counties.*
- *There is a longstanding practice of allotting funds to small cities and small counties off the top of the city/county and ODOT shares of highway fund dollars without affecting the underlying city and county allocations.*

The legislative oversight committee has articulated its interest in treating the CRC as a statewide priority, 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.

- **The funding approach must reflect a commitment to build the full project, including road, bike, pedestrian and transit elements.**

While this is not really at issue, certain parties continue to raise concerns about specific elements of the project (e.g., light rail, tolls). The full multimodal project is necessary to obtain federal funds, maintain the broadest possible public support and address the project’s Purpose and Need.

- **Improvements intended to mitigate the impact of the project on local communities in the project area should not be deferred until an undefined and unfunded later phase of construction.**

The project’s tentative phasing proposal would defer until a second phase certain improvements in the immediate vicinity of the bridge that are intended to address the impact of the facility on the local Hayden Island community. If these improvements are left out of the project’s first phase, there is no guarantee that they will ever be built. The community is proposing an alternative that reduces the footprint of the interchanges and eliminates the need for a second phase, thereby saving significant cost while still meeting the project’s Purpose and Need.

Exhibit A to Resolution 13-4402 (staff report version)

➤ **Follow through on the creation of a Community Enhancement Fund.**

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.

➤ **The funding package must not extend the current pre-emptions against local gas taxes or registration fees.**

ConnectOregon V – Support a fifth round of ConnectOregon funding.

- *Each of the first three rounds of Connect Oregon utilized \$100 million in lottery-backed bonds to support air, marine, rail and public transit projects; ConnectOregon IV was reduced to \$40 million. The Governor’s recommended budget includes \$60 million for ConnectOregon V.*

Non-roadway funding – Support the creation of a permanent funding stream for non-highway transportation.

- *Building on the recommendation of the 2008 Governor’s Vision Committee, the work of the 2011/12 Non-Roadway Transportation Funding Work Group, and the success of ConnectOregon, a broad range of parties who are active in the Legislature on transportation issues is developing a proposal for an ongoing (as opposed to session-by-session) program for investing in non-highway transportation. This program would divide its investments evenly between moving freight (air, rail, marine) and moving people (transit, passenger rail, bicycle, pedestrian). Unlike ConnectOregon, it would not be limited to capital investments, but could be used for operations as well (e.g., public transit). The importance of establishing a reliable source of funding for non-highway modes is heightened by the passage in 2011 of HB 3672, which phases out the use of the Business Energy Tax Credit for transportation in steps over a four-year period. The Oregon Business Plan calls on the state to “take steps to create a permanent non-highway funding stream” as one of its 2013 Jobs Initiatives.*