GREAT PLACES
SW Corridor
Portland • Sherwood • Tigard • Tualatin
Beaverton • Durham • King City • Lake Oswego
Multnomah County • Washington County
ODOT • TriMet • Metro

Considerations for funding Southwest Corridor Plan investments

Funding for the investments identified in the Southwest Corridor Plan must come from many federal, state, regional, county and local sources. Traditional and historic sources of funding may not be available or cover the needs identified in the corridor. Each jurisdiction will have to determine what its priorities and funding capacities are in order to develop mutual commitments to an investment strategy that will help connect and support great communities in the corridor.

What are current sources of revenue for transportation projects?

The 2035 Regional Transportation Plan defines traditional sources of revenues available for the regional transportation system from federal, state and local levels.

Federal

Highway Trust Fund For road-related projects, Congress provides these revenues to the region through the Federal Highway Administration (FHWA) to the Oregon Department of Transportation (ODOT) and then to Metro and the cities and counties.

These monies primarily come from the federal gas tax, various truck taxes and funding from the federal general fund.

Highway Trust Fund distribution includes Surface Transportation Program and Congestion Mitigation/Air Quality (CMAQ) funds, which comprise what is known as "regional flexible funds" in the Portland metro region.

Allocation and distribution of federal funds, other than routine maintenance, are accounted for in the Metropolitan Transportation Improvement Program (MTIP).

Transit discretionary funds In this region, these funds for major new transit capital projects have primarily been used to provide the federal portion of construction capital cost of the light rail system. Other eligible uses include bus purchases, bus rapid transit and system capital improvements.

Metro, together with project partners, determines which large transit capital projects will be given priority in the region to compete for these funds.

State

State Highway Trust Fund State revenues for transportation projects are distributed by the Oregon Transportation Commission, in accordance with state statutes. The fund primarily derives its revenues from:

- statewide gas taxes
- vehicle registration fees
- weight mile taxes on trucks.

Local

Many of the cities and counties in the region raise other sources of revenue for operation, maintenance and preservation (OMP) and new construction. The amount of revenue applied to the system is controlled by each jurisdiction and is spent within their boundaries.

Local portion of State Highway Trust Fund Forty percent (historic) to 50 percent (anticipated) of state trust fund revenues are distributed to the cities and counties of Oregon.

Local gas tax Gas taxes are levied by Multnomah (three-cents per gallon) and Washington (one-cent per gallon) counties, which share the revenues with the cities within their boundaries. Recently, gas taxes have been approved for the cities of Milwaukie and Tigard. These revenues currently may be used for road maintenance and road expansion, including sidewalks and bike lanes when they are part of a roadway project.

Washington County Major Streets Transportation Improvement Program Funded by local property taxes, MSTIP funds major transportation improvements countywide.

Local development-based sources Local governments may collect fees based on the development or use of land. These fees provide funding for transportation and other public investments as determined by the local government that collects and allocates the revenue, including

- transportation system development charges (SDCs) levied on new development
- traffic impact fees (TIFs) on commercial properties
- urban renewal funding in designated districts
- developer contributions.

Local capital improvement programs Funded by local taxes and/or bonds, these programs have been put in place to match the cost of large-scale transportation and other infrastructure improvements – like fixing roads and water and sewer systems.

Beyond current funding sources and levels

Each jurisdiction has different current or potential funding mechanisms – such as system development charges, local gas taxes, local improvement districts – that could be tailored to the goals being served by the investment.

Determining how new investments might be funded can be an iterative process, both on regional and local levels. For example, when the region was preparing the last Regional Transportation Plan update, Metro went to JPACT and broke down what it might look like with system development charges, local improvement districts, etc. and asked whether that was reasonable, whether it might cause "sticker shock" with taxpayers, developers, etc. Getting that information ahead of time from city councils, county commissions, chambers of commerce, other stakeholders and even JPACT or TPAC can help get that level of feedback ahead of time, giving an opportunity to express the "how and why" not just the "how much."

Funding for previous transit investments in the region

Every project has its own story, and its financing package reflects the capacity and motivations of and long-term benefits for the contributors. Decisions about alignment, mode and station locations of the transit investment may advance broader urban development goals, which may motivate local jurisdictions to increase their contributions toward those goals through system development charges. Likewise, direct property benefits can be leveraged to create local improvement districts.

There are four major groups of funding:

- federal discretionary funds (mostly through FTA)
- state- and regionally-directed federal formula funds (Highway Trust Fund monies)
- state, regional and local funds
- private funds and in-kind contributions (like donated land).

Though still significant at a projected 50 percent, the federal discretionary contribution for transit and other transportation investments has reduced over the years, shifting more of the responsibility to state, regional, county and city funding mechanisms. Meanwhile, sources used for the local share in the past may not be sufficient or available to fund future projects. Additional considerations for project funding include the labor and materials cost increases over time and engineering challenges in the corridor (such as topography) that would raise the cost of a project.

The budget figures below give an idea of the state, regional and local contribution on previous regional transit projects as well as some of the local funding mechanisms used. The budgets include the transit lines and stations, environmental impact mitigation and other improvements related to the transit project, which may include pedestrian and bicycle facilities to improve access to stations.

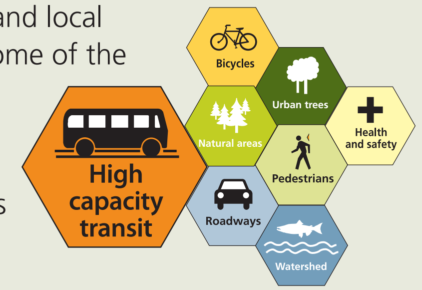
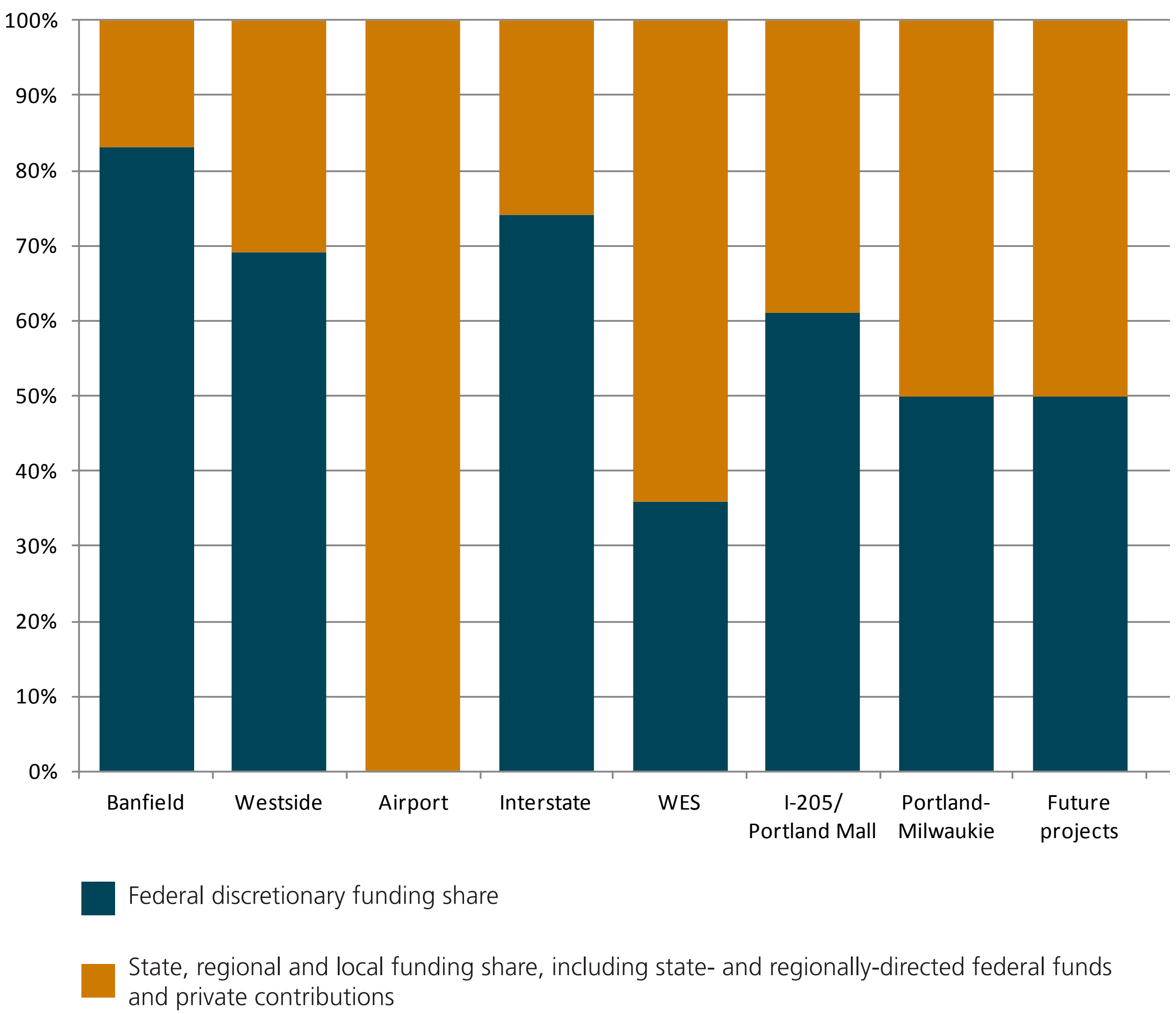


Figure 1. Historic ratio of federal discretionary funds to state, regional, local and private contributions and directed funds, by transit project



Banfield $214 million+$107 million in highway-related work | 15 miles, 30 stations | opened September 1986

Federal discretionary contribution:	$267,520,000	(83%)
State/regionally-directed federal contribution:	$0	(0%)
State, regional and local contribution:	$53,800,000	(17%)
Private contribution:	$0	(0%)

The bulk of state, regional and local funds were through the State of Oregon ($37.5 million), including funds from the state gas tax, and TriMet ($13.4 million). City of Portland contributions ($2.8 million) included funds from the Portland Development Commission (urban renewal funds) and local improvement districts. Multnomah County and Metro had relatively minor contributions.

Westside $963 million | 18 miles, 32 stations | opened September 1998

Federal discretionary contribution:	$659,850,000	(69%)
State/regionally-directed federal contribution:	$44,000,000	(5%)
State, regional and local contribution:	$259,250,000	(27%)
Private contribution:	$0	(0%)

The bulk of state, regional and local funds were through the State of Oregon ($113.6 million), voter-approved TriMet bonds ($110 million) and additional TriMet funds ($21.6 million), with contributions from City of Portland ($7 million), Washington County ($3 million), City of Beaverton ($2 million) and Metro ($2 million).

Airport $125 million | 5.5 miles, 4 stations | opened September 2001

Federal discretionary contribution:	$0	(0%)
State/regionally-directed federal contribution:	$0	(0%)
State, regional and local contribution:	$96,800,000	(77%)
Private contribution:	$28,200,000	(23%)

The funds were made up of contributions from the Port of Portland ($28.3 million), TriMet ($27.5 million), City of Portland ($30 million), Metro ($18 million in exchange for CMAQ funds) and the developer of the Cascade station area ($28.2 million in exchange for undeveloped land).

Interstate $350 million | 5.8 miles, 10 stations | opened May 2004

Federal discretionary contribution:	$257,500,000	(74%)
State/regionally-directed federal contribution:	$24,100,000	(7%)
State, regional and local contribution:	$68,490,000	(20%)
Private contribution:	$0	(0%)

The state, regional and local funds were through TriMet ($38.5 million) and City of Portland ($30 million).

WES $161 million | 14.7 miles, 5 stations | opened February 2009

Federal discretionary contribution:	$58,650,000	(36%)
State/regionally-directed federal contribution:	$25,500,000	(16%)
State, regional and local contribution:	$74,560,000	(46%)
Private contribution:	$2,500,000	(2%)

The state, regional and local funds were through the State of Oregon ($38.8 million), including lottery bonds, TriMet ($25.3 million) and Washington County ($20.5 million). Local property donations accounted for $2.5 million in contributions.

I-205/Portland Mall $576 million | 8.3 miles, 14 stations | opened September 2009

Federal discretionary contribution:	$348,560,000	(61%)
State/regionally-directed federal contribution:	$87,790,000	(15%)
State, regional and local contribution:	$136,230,000	(24%)
Private contribution:	$3,120,000	(1%)

The state, regional and local funds were through TriMet ($27.9 million), Clackamas County Development Agency (urban renewal) funds ($39.3 million) and City of Portland, including parking enterprise funds ($27.7 million), Portland Development Commission (urban renewal) funds ($22.3 million) and local improvement district funds ($19 million).

Portland-Milwaukie $1.49 billion | 7.3 miles, 10 stations | scheduled to open 2015

Federal discretionary contribution:	$745,180,000	(50%)
State/regionally-directed federal contribution:	$315,440,000	(21%)
State, regional and local contribution:	$381,090,000	(26%)
Private contribution:	$48,650,000	(3%)

The bulk of non-federal funds were through the State of Oregon ($252.1 million), primarily through lottery bonds, TriMet ($341.3 million), property donation ($48.6 million), City of Portland ($50 million), Clackamas County ($26.3 million), regional flexible funds ($21.6 million) and the City of Milwaukie ($5 million). Metro also had a relatively minor contribution.