

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ENDORSING) Resolution no. 92-1719A
THE OREGON TRANSPORTATION)
FINANCING PLAN) Introduced by
Councilor Richard Devlin

WHEREAS, Metro adopted the Regional Transportation Plan by Ordinance No. 92-433 identifying a comprehensive system of transportation improvements; and

WHEREAS, Metro adopted Resolution No. 89-1035 establishing a comprehensive financing strategy; and

WHEREAS, Metro has participated with the Oregon Roads Financing Study and the Oregon Transportation Financing Plan; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District:

1. Endorses the Oregon Transportation Plan.
2. Endorses the recommendations of the Roads Finance Study and Oregon Transportation Financing Plan as reflected in Exhibit A.
3. That it is recognized that some form of constitutional amendment will be required for transit finance.
4. That it is essential that a multi-modal financing package be implemented to address road, transit, bike, pedestrian, freight and air modes.
5. That it is understood that the split between state, city and county jurisdictions of new Highway Trust Fund revenues will be based upon a finalized forecast of six-year unmet needs.

assuming partial success in implementing recommended local funding measures.

6. That the split of Highway Trust Fund revenues to the state will include an amount to allow the state to administer a "local" bridge repair and replacement program and a "local" replacement fund to allow federal Surface Transportation Program (STP) funds to be transferred to transit. The current STP Program includes a share for Portland metropolitan area jurisdictions administered by Metro. Intergovernmental agreements between ODOT, the Association of Counties, the League of Cities and Metro will be required to establish how these "local" funds will be administered.

7. That a phase-in strategy be designed to ensure funding for alternate modes is sufficient.

8. That continued consideration should be given to the effect of proposed revenue sources on economic competitiveness and to ensure that they reinforce modal objectives.

9. That further clarity is requested from ODOT on their schedule for updating or developing modal plans to be funded through these revenue sources.

10. That the excise tax on bicycles and related accessories for non-road bicycle needs not be pursued further.

ADOPTED by the COUNCIL of the Metropolitan Service District this 22nd day of December, 1992.


Jim Gardner, Presiding Officer

ACC/GR:lmk
92-1719A.RES/11-30-92

ERRATA SHEET
TO RESOLUTION NO. 92-1719

FOR CORRECTION TO PAGE 4 OF EXHIBIT A (DRAFT OTP FUNDING ALTERNATIVE) UNDER "B. INITIAL IMPLEMENTATION FOR FUTURE FUNDING PRIORITIES." ADD A BULLET TO READ AS FOLLOWS:

- . Requires further work to specify bike and pedestrian needs in order to meet the VMT reduction goal implied in this recommendation as a high priority.

92-1719.RES
ACC:lmk
12-8-92

Note: This paper summarizes a funding plan alternative prepared by Public Financial Management, Inc. (PFM) for consideration by the Oregon Department of Transportation (ODOT), League of Oregon Cities, Association of Oregon Counties, Oregon Transit Association, Oregon Roads Finance Study Policy Committee, Oregon Public Ports Association, Transportation 93, JPACT, and other interested parties. PFM serves as financial consultant to ODOT for the Oregon Transportation Plan (OTP).

While this funding alternative reflects input from numerous transportation interest groups, and is the result of deliberations by the 1993 Oregon Roads Finance Study, the Oregon Transportation Plan Financing Systems Policy Committee, and the Transportation 93 Group, it has not been adopted, nor is it being recommended by any of those groups. PFM, acting for ODOT, is seeking feedback from interested parties to this funding alternative prior to preparation of a recommended OTP Funding Plan for adoption by the OTC at its December 15, 1992 meeting.

Questions regarding this paper should be directed to Mark Gardiner or Gerda Newbold at PFM (Phone 223-3383), or to Mark Ford at ODOT (Phone 1-378-8273)

**OREGON TRANSPORTATION PLAN
DRAFT FINANCING PLAN ALTERNATIVE
November 1992**

I. OTP - The Multi-modal Oregon Transportation Plan and Intermodal Funding Plan

The Oregon Transportation Plan (OTP) is a multi-modal plan, incorporating all of the major modes of transporting people and goods in the state. The OTP is designed with the intention of using the public investments in the transportation to promote the accomplishment of State economic development, quality of life, environmental, and land use objectives. The plan is not only multi-modal because it incorporates more than one mode of transportation. The meaningful multi-modal nature of the plan results from the interdependence of the modes -- particularly as it relates to the ability to reduce road needs by making appropriate transit and transportation demand management investments.

For financial planning purposes, OTP investments are broken into five categories:

- Roads (State, Counties, Cities - includes bicycle & pedestrian investments)
- Transit (Tri-Met and "Downstate")
- Intercity Passenger Transportation
- Marine Rail Access
- Aviation

As noted above, these investments are inter-related. More than \$11 billion in road investments can be avoided by achieving the State's land use transportation goals for reducing vehicle miles traveled (VMT). This reducing in VMT is achieved through investment in transit operations and capital as well as changed land use patterns and transportation demand management. The funding plan is also multi-modal, and takes

advantage of the increased resources and flexibility offered by the federal Intermodal Surface Transportation Efficiency Act (ISTEA). This act for the first time allows certain portions of the federal transportation funding received by Oregon jurisdictions to be used for transportation solutions regardless of mode.

The funding alternative incorporates two elements which reflect this flexibility. The most significant is the use of Surface Transportation Program (STP) funds to fund transit capital. This program, which previously had been the Federal Aid Urban (FAU) and Federal Aid System (FAS) funding categories, now is almost totally flexible in use between transit and roads. The other major non-road portion of the ISTEA (other than dedicated transit funding) is the "Enhancement" program, which also is expected to be used for non-road purposes.

Flexibility, however is, in itself, enough to meet the investment needs of the Oregon transportation system. Significant additional funding is also required. In fact, PFM estimates that more than \$3.2 billion of additional funding (beyond current levels) will be required to meet the projected transportation needs in the first six years of the program, and that more than \$27.5 billion will be needed for the twenty years from 1993 to 2012. This additional revenue need is on top of the estimated \$40 billion to be received from the revenue system currently in place. (Note, these numbers reflect inflated -- as opposed to 1992 -- dollars, and therefore will not match the uninflated numbers used for initial purposes of the OTP).

II. Short Term (Six Year) OTP Funding Plan

To meet the investment needs of the Oregon transportation system, the funding alternative suggests a series of actions by ODOT and the Legislature to increase rates on existing revenue sources, enact new revenue sources, enable local governments to enact local revenues, and provide legislative authority for other, future funding actions. The funding alternative assumes that all of the current transportation funding mechanisms are left in place, with rates, base of calculation, and other factors undisturbed. Thus the Short Term Package concentrates creating the funding for unmet needs.

The package is broken into two parts:

A. Funding for the Initial OTP Program

Road - Preservation & Maintenance & Construction:

The largest dollar amount of the program, and the greatest need for additional revenues is in the preservation, maintenance, and construction of Oregon's roads, highways and bridges. The package dedicated for that purpose includes the following:

- o 4 cent gas tax and weight mile increases for 4 years (1994 through 1997).
A portion of this increase provides substitute funding in lieu of federal funding which would be dedicated to transit.
- o A \$15 Vehicle Registration Fee increase in 1995

Transit: -- Consistent, adequate operating support, capital funding needed to meet VMT Targets

The second largest dollar amount of transportation investment in the OTP is for transit capital and operating expansion. The Short Term plan would include the following actions related to transit funding:

- o Dedication of STP (federal flexible funding) to transit capital. The funding alternative assumes that this funding is phased in with a significant portion of STP funding in the first three to four years dedicated to roads.
- o Impose a tire and battery tax for purposes of increased transit operating and capital funding with a goal of providing \$4 to \$5 million annually for the initial period.
- o Provide statutory authority for payroll tax to replace lost property tax for transit operations in several large districts (excluding Tri-Met).
- o Referral of a constitutional amendment to allow creation of one or more major transportation-related revenue sources for transit and transportation demand management.

The Oregon Constitution prohibits the use of existing road funding mechanisms (gas tax, vehicle registration fee, etc.) for transit purposes. Additionally, the Oregon Supreme Court recently ruled that potential major new revenue sources, including proposed emissions fees on automobiles, would be subject to the constitutional constraints. The funding analysis indicates that some form of constitutional amendment will be necessary to meet the increased transit investment expected in the next six years.

- o State appropriation of approximately \$4 to \$5 million for increased operating support

Marine / Rail Access

The funding alternative suggests that those portions of port-related access projects which are not funded through road funding be prioritized for lottery funding as economic development projects.

- o Lottery funding for marine/rail access economic development projects

Aviation

The OTP anticipates investment in both commercial and general aviation airports to ensure appropriate air access throughout the state. The funding alternative suggest two sources for the aviation investment:

- o A 1/2 cent increase in the jet fuel tax for commercial airport projects
- o A 2 cent increase in the aviation gasoline fuel tax for general aviation airports

B. Initial Implementation for Future Funding Priorities

The OTP Short Term funding alternative also incorporates numerous activities and funding options implementation of which would begin in 1993. These include:

- o Creation of a Rail Fund and bonding authority for High Speed Rail and Light Rail Transit.
- o Authorization of a pilot project for congestion pricing.
- o Allocation of lottery funding for economic-development-related LRT and road projects.
- o Creation of a studded tire fee to offset increased maintenance costs.
- o Creation of an excise tax on bicycles and related accessories for non-road bike needs.
- o Imposition of local option vehicle registration fees and gas taxes in the largest metro areas and counties to meet urban road and highway needs.
- o Creation of a First Time Licensing Transportation Access Fee to contribute to growth-related road needs.
- o Repeal of the gasohol exemption to restore road funding capacity.
- o Authorize expansion of state in-lieu payroll payments for transit operations.

III. Long Term Program

The Long Term OTP funding program requires continued increases in funding sources to meet growth in needs, including:

- o Continued 4 cent increases in gas tax/weight mile (each year)
- o \$5 increase in VRF every 5 years
- o \$2 Increases in local option VRF every 5 years
- o Inflationary increases in excise taxes
- o Inflationary increases in Transportation Access Fees

The table on the following page shows the new revenues required for each transportation mode to meet the total projected investment in the OTP.

**Summary of New Revenues By Mode
In (\$000's)**

New Road Revenues	20 Years	6 Years
First Time Transportation Access Fee	\$410,388	\$103,848
Local Option Gas Taxes (8 counties)	1,545,239	160,515
Local Option VRF - Tri-County	415,190	85,008
Local Option VRF - Other Metros	283,084	57,960
Gas Tax for Ethanol Blended Fuel	67,600	67,600
Excise tax - bikes and accessories	32,066	5,802
Lottery funding for trans eco-devo	174,981	28,537
Local Transportation Access Fees	65,170	14,700
Studded snowtire fee - statewide	14,626	2,694
Increased gas tax revenues	11,276,000	719,000
Increased weight/mile revenues	5,388,000	265,000
Increased VRF revenues	1,184,395	161,539
Total	\$20,856,739	\$1,672,204
New Tri-Met Revenues		
Emission Fee - Portland Metro	\$3,485,950	\$342,566
Tire fee - statewide	7,567	1,283
Battery fee - statewide	2,788	473
Lottery funding for trans eco-devo	1,224,865	199,760
Local Transportation Access Fees	13,965	3,150
Total	\$4,735,134	\$547,232
New Downstate Transit Revenues		
Tire fee - statewide	\$49,184	\$8,336
Battery fee - statewide	13,939	2,363
Lottery funding for trans eco-devo	52,494	8,561
Payroll tax - top six metros	561,173	109,843
Local Transportation Access Fees	13,965	3,150
Total	\$690,754	\$132,253
New Intercity Bus & Rail Revenues		
Tire fee - statewide	\$18,917	\$3,206
Battery fee - statewide	11,151	1,890
Lottery funding for trans eco-devo	297,467	48,513
Total	\$327,535	\$53,609
New Marine/Rail Access Revenues		
Lottery funding for trans eco-devo	\$239,205	\$83,078
Total	\$239,205	\$83,078
New Aviation Revenues		
Increased Jet Fuel Tax	\$232,848	\$42,251
Total	\$232,848	\$42,251

TRANSPORTATION AND PLANNING COMMITTEE REPORT

**CONSIDERATION OF RESOLUTION NO. 92-1719, ENDORSING THE OREGON
TRANSPORTATION FINANCE PLAN**

Date: December 23, 1992

Presented by: Councilor Buchanan

Committee Recommendation: At the December 14 meeting, the Transportation and Planning Committee voted unanimously to recommend Council adoption of Resolution No. 92-1719A. Voting in favor: Councilors McLain, Buchanan, Moore and Washington. Excused: Councilor Devlin.

Committee Issues/Discussion: Andy Cotugno, Planning Director, presented the staff report. This committee has previously reviewed the Oregon Transportation Plan (OTP), which is a substantive document in terms of plans and the different objectives for the different modes. This the financing element of that plan. It represents the cooperative effort between the League of Oregon Cities, the Association of Oregon Counties and the Oregon Department of Transportation.

The OTP is fairly aggressive in terms of urban transit, inner city, inner city rail objectives, and in terms of marine and port facilities and aviation. This focuses on all of these objectives in three pieces. The first two are highway and transit within the short term (six-year) OTP Funding Plan. The third is the initial implementation of future funding priorities. Actual implementation will involve referral to the next legislative session which includes road funding, gas tax increases, associated increases in weight mile taxes on trucks, and vehicle registration fee increases for road funding purposes. In doing that, it is also recommended that road funding be sufficient to allow for the current highway funds that could be transferred to transit. Current federal highway funds are already committed to road purposes. This will allow them to be released for flexible funding (Surface Transportation Funds) to include transit.

He furnished the committee with an Errata Sheet making a correction to page 4 of the exhibit to include an additional requirement for "further work to specify bike and pedestrian needs in order to met the vehicle miles traveled reduction goals implied in this recommendation as a high priority."

Councilor Buchanan asked whether the tire and battery tax includes bicycle equipment. Mr. Cotugno responded imposition of a tire and battery tax is within the basic recommendation. Later in the document under future funding priorities, there is an item calling for creation of an excise tax on bicycles and related accessories for non-road bike needs. This has been objected to by several bicycle groups in front of Transportation 93.

Councilor Buchanan asked for guidance about the most appropriate method of removing imposition of a bicycle excise tax for non-road bike needs. Mr. Cotugno suggested an additional resolve be added to say that "the excise tax on bicycles and related accessories for non-road bicycle needs not be pursued further." The committee agreed.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 92-1719 FOR THE PURPOSE OF ENDORISING THE OREGON TRANSPORTATION FINANCING PLAN

Date: November 30, 1992

Presented by: Andrew Cotugno

PROPOSED ACTION

Endorsement of the Oregon Transportation Finance Plan, establishing a comprehensive, multi-modal statewide funding strategy with an immediate action plan for consideration by the '93 Legislature and a long-term action plan for future consideration.

FACTUAL BACKGROUND AND ANALYSIS

Three statewide planning efforts have formed the basis of the Oregon Transportation Finance Plan: the Oregon Roads Finance Study, the Oregon Rail Passenger Plan and the Oregon Transportation Plan. These efforts also encompass the Portland metropolitan area. The recommended financing plan is comprehensive in nature, with funding proposals to meet urban, rural and intercity needs statewide by all of the responsible service providers. ODOT, cities, counties, transit districts, ports, airports and metropolitan planning organizations are all affected. The recommendations are consistent with Metro Resolution No. 89-1035 which addressed the strategies for a comprehensive multi-modal approach in the Portland region.

Most of the recommendations are focused on statewide proposals for funding, including:

- . An increase of 4¢ on the gas tax plus associated truck weight-mile taxes for the next four years; a portion of this will allow traditional federal highway funds to be transferred to transit.
- . A \$15.00 vehicle registration fee increased in 1995.
- . Dedication of flexible federal highway funds (through the Surface Transportation Program (STP) funds) to transit capital.
- . Imposition of a tire and battery tax for transit capital and operating.
- . Implementation of an emission fee in the Portland region.
- . Referral of a constitutional amendment to allow at least the emission fee and tire and battery tax to be used for transit.

In addition, the proposals for funding the Highway trust Fund must also include legislative action to establish the split

between state, city and county jurisdictions. The current split is 60 percent state, 24 percent county; and 16 percent city. The new split will be based upon projected six-year "unmet" needs and will be approximately 50/30/20 (the exact split is still being determined). However, the split proposed for adoption by the Legislature will be approximately 58 percent to provide an added increment of 8 percent to ODOT to allow them to administer two "local" programs:

1. An STP Replacement Program. In FY 92, MPOs, cities and counties received \$19.8 million in federal STP funds for use on local projects. The share for the Metro area was \$9 million. In order to transfer the full amount of statewide STP funds to transit, the amount previously allocated to local areas will be replaced with increases from the Highway Trust Fund. These funds will be allocated to jurisdictions equivalent to the level of STP funds they "give up." Accordingly, in the future, Metro will be administering a State Highway Trust Fund program rather than a federal program. As such, these funds will be for constitutionally restricted purposes. In addition, any use of STP funds by Tri-Met must be approved in Metro's TIP.
2. A Local "Highway Bridge Repair and Replacement Program." The "unmet needs" for cities and counties include bridge needs. However, the allocation on the basis of population and registered vehicles is not reflective of where the needs are. By shifting this component of the local revenues and all of the federal bridge revenues to ODOT, it will be possible to administer a local bridge program based upon prioritized needs statewide. This should correct a deficiency in the past administration of the federal bridge program which was inadequate to meet bridge needs statewide. Under this program:
 - A share of the new State Highway Trust Fund revenues would be dedicated to local bridge repair and replacement;
 - A share of the federal bridge funds would also be dedicated to local bridge repair and replacement;
 - These would be suballocated into two accounts based upon the cost of unmet needs:
 - a) Large Willamette River bridges; and
 - b) All other bridges.
 - Projects would be selected from these two accounts based upon prioritization criteria reflecting the severity of need.

New bridges would not be handled in this manner since they are comparable to all other new highway needs.

Intergovernmental agreements between ODOT, the Association of Counties (AOC), the League of Cities (LOC) and Metro will be needed to define administrative procedures for these programs.

Finally, the splits are based upon an assumption that local revenue-raising measures are at least partially successful. The Financing Plan recommends local action as follows:

- Local option vehicle registration fees and gas taxes in the eight largest Metro areas and counties; and
- Use of traffic impact fees to properly assess growth.

Multnomah and Washington Counties already collect a gas tax (3¢ and 1¢, respectively) and Metro is considering referral of a local option vehicle registration fee to the voters.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 92-1719.

ACC:lmk
11-30-92
92-1719.RES

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