

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING ) RESOLUTION NO. 93-1786A  
THE MEMORANDUM OF UNDERSTANDING )  
ON STP FUNDS AND STP REPLACEMENT )  
FUNDS ) Introduced by  
 ) Councilor George Van Bergen

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, One element of the financing strategy envisions using federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs; and

WHEREAS, A Memorandum of Understanding (MOU) has been agreed to by ODOT, AOC, LOC and OTA (included as attachment A), that:  
(a) expresses their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expresses their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agrees to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs; and

WHEREAS, Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds and also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects; and

WHEREAS, This definition of Alternate Transportation Projects does not exclude such inter-modal facilities that would otherwise be eligible for STP funding; and

WHEREAS, This MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues; and

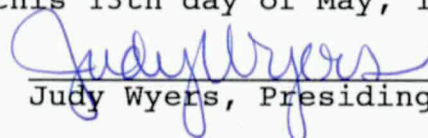
WHEREAS, If the legislature does not enact the proposed increases, this MOU will require amendment by all parties; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Endorses the Memorandum of Understanding on STP Funds and STP Replacement Funds.

ADOPTED by the Metro Council this 13th day of May, 1993.

  
\_\_\_\_\_  
Judy Wyers, Presiding Officer



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

Date: May 5, 1993

To: Metro Council

From:  Andrew C. Cotugno, Planning Director

Re: Amendment to Resolution No. 93-1786

On April 22, 1993, the Council granted approval on Resolution No. 93-1786 which endorsed the Memorandum of Understanding on STP funds and STP replacement funds. Due to a clerical error, an amendment approved by JPACT at its April 8 meeting was never forwarded on to Metro Council. They recommend that the sixth "Whereas" of the Resolution be amended to read as follows:

"WHEREAS, This definition of Alternate Transportation Projects does not exclude such intermodal facilities ~~as may be desired by the Port of Portland and~~ that would otherwise be eligible for STP funding."

This amendment was introduced by the Port of Portland to more accurately reflect that a variety of jurisdictions would be eligible to seek STP funds for intermodal facilities, not just the Port of Portland. We ask that this be placed on the next Council agenda for consideration. Attached is a copy of Resolution No. 93-1786 as approved.

ACC:lmk

Attachment

Certified A True Copy of the Original Thereof  
*Pauline Miller*  
Clerk of the Council

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING ) RESOLUTION NO. 93-1786  
THE MEMORANDUM OF UNDERSTANDING )  
ON STP FUNDS AND STP ) Introduced by Councilor Van  
REPLACEMENT FUNDS ) Bergen

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, One element of the financing strategy envisions using federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs; and

WHEREAS, A Memorandum of Understanding (MOU) has been agreed to by ODOT, AOC, LOC and OTA (included as Attachment A), that:

(a) expresses their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit; (b) expresses their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agrees to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs; and

WHEREAS, Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP funds and also include, but are not limited to, bicycle

facilities, pedestrian facilities, rideshare activities and demand management projects; and

WHEREAS, This definition of Alternate Transportation Projects does not exclude such intermodal facilities as may be desired by the Port of Portland and that would otherwise be eligible for STP funding; and

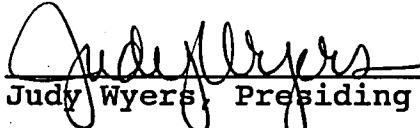
WHEREAS, This MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly-enacted revenues; and

WHEREAS, If the Legislature does not enact the proposed increases, this MOU will require amendment by all parties, now, therefore,

BE IT RESOLVED,

That the Metro Council endorses the Memorandum of Understanding on STP Funds and STP Replacement Funds.

ADOPTED by the Metro Council this 22nd day of April, 1993.

  
\_\_\_\_\_  
Judy Wyers, Presiding Officer

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING ) Resolution no. 93-1786A  
THE MEMORANDUM OF UNDERSTANDING )  
ON STP FUNDS AND STP REPLACEMENT )  
FUNDS ) Introduced by  
 ) Councilor George Van Bergen

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, one element of the financing strategy envisions using federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs; and

WHEREAS, a Memorandum of Understanding (MOU) has been agreed to by ODOT, AOC, LOC and OTA (included as attachment A), that:  
(a) expresses their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expresses their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agrees to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs; and

WHEREAS, Alternate Transportation Projects include all

projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds and also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects; and

WHEREAS, this definition of Alternate Transportation Projects does not exclude such inter-modal facilities [~~as may be desired by the Port of Portland and~~] that would otherwise be eligible for STP funding; and

WHEREAS, this MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues; and

WHEREAS, If the legislature does not enact the proposed increases, this MOU will require amendment by all parties; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Endorses the Memorandum of Understanding on STP Funds and STP Replacement Funds.

Judy Wyers, Presiding Officer

## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 93-1786 FOR THE PURPOSE OF ENDORISING THE MEMORANDUM OF UNDERSTANDING FOR STP FUNDS AND STP REPLACEMENT FUNDS

Date: April 8, 1993

Presented by: Andrew Cotugno

#### PROPOSED ACTION

Endorsement of a Memorandum of Understanding which would maximize dedication of federal STP funds to Alternate Transportation Projects, allocate new state gas tax revenues amongst ODOT and the cities and counties to support programmed, constitutionally permitted transportation improvement projects and define the administrative procedures to ratify these mandates.

#### FACTUAL BACKGROUND AND ANALYSIS

Three statewide planning efforts: the Oregon Roads Finance Study, the Oregon Rail Passenger Plan and the Oregon Transportation Plan, yielded the Oregon Transportation Finance Plan approved by JPACT and the Metro Council in December of 1992. The 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 financing plan is consistent with Metro Resolution No. 89-1035 which addressed the strategies for a comprehensive multi-modal approach in the Portland region. Two of the finance plan recommendations are the subject of the MOU being considered for approval at this time: dedication of STP funds to "non-traditional" projects, and an increase in gas taxes.

The MOU provides for dedication of flexible federal highway funds (i.e., federal Surface Transportation Program (STP) funds) to support Alternative Transportation Projects. As stated in the MOU,

"Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds. Alternate Transportation Projects also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects."

Dedication of STP funds for this class of projects will leave other, "traditional" road-type projects unfunded. Therefore, in a dollar-for-dollar exchange, STP funding that ODOT and local jurisdictions "give up," will be "back filled" by ODOT with revenue generated by a proposed increase of 4¢ on the gas tax, plus associated truck weight-mile taxes, for the next four years. Under terms of the MOU, the new Highway Trust Fund revenues would be allocated 60.05 percent to the state, 24.38 percent to counties, and 15.57 percent to cities as currently set forth in ORS 366.524. The 60.05 percent of new Highway Trust Fund Revenues allocated to the state includes a 9.3 percent allowance for funding the STP Replacement



funding program (and additionally, a local bridge needs program derived from analysis of "unmet needs" contained in ODOT's current six-year program).

Metro STP Replacement Program.

Metro anticipates appropriation of \$27 million to the region from FY 1994 through FY 1997 that will be eligible for the "back fill" proposal. Accordingly, in the future, the STP Funds which are formula allocated to Metro will be used to fund specific Alternate Transportation Projects, and, if necessary, road projects based on Metro-approved criteria and procedures. A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997 will be adopted by Metro. Correspondingly, Metro will also administer a State Highway Trust Fund program. Projects in the Trust Fund program will be limited to constitutionally restricted purposes.

The Port of Portland has expressed concern that some of their contemplated inter-modal, freight movement-type projects are not explicitly included in the definition of Alternate Transportation Projects, i.e., Port projects have been relegated to the "not limited to" list. Language is included in the Resolution which, without amending the MOU, addresses the Port's concerns.

Program Administration

The MOU has been approved by the Oregon Department of Transportation, the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), and the Oregon Transit Association (OTA). Intergovernmental agreements between these parties and Metro will be needed to fully define administrative procedures for the programs contemplated in the MOU. Finally, the splits are based upon an assumption that the full financing package submitted to the legislature will be approved. Should the full package not be adopted, the MOU provides that mutually agreed upon revisions will have to be negotiated. The MOU also mandates formation of a transportation finance policy committee to address issues relating to the MOU and applicable Intergovernmental Agreements.

EXECUTIVE OFFICER'S RECOMMENDATION


The Executive Officer recommends adoption of Resolution No. 93-1786.



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

Date: March 24, 1993  
To: TPAC  
From:  Andrew C. Cotugno, Planning Director  
Re: Memorandum of Understanding

Attached is the Memorandum of Understanding (MOU) between ODOT, Metro, AOC, LOC and OTA on transfer of STP funds to alternative modes and replacement with Trust Fund revenues. It was approved by the Oregon Transportation Commission on March 31, 1993 and is recommended for approval and execution by Metro. This MOU would allow the majority of STP funds in the state to be transferred to alternative transportation projects, chiefly transit. This agreement would be in force only if the proposed increase in revenues to the Highway Trust Fund is enacted by the Legislature. A resolution and staff report authorizing execution of the MOU will be available at the TPAC meeting.

ACC:lmk

Attachment

**MEMORANDUM OF UNDERSTANDING  
ON STP FUNDS AND STP REPLACEMENT FUNDS**

**I. PARTIES**

This Memorandum of Understanding (MOU) is between the Oregon Department of Transportation ("ODOT" or "State"), the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), the Metropolitan Service District (Metro) and the Oregon Transit Association (OTA).

**II. BACKGROUND AND PURPOSE**

1. This MOU records the understanding of the parties with respect to the funding package developed by the Oregon Roads Finance Study (ORFS) in support of the Oregon Transportation Plan (OTP).
2. The MOU comes from the desire of the parties to use federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs.
3. By their execution of this MOU, ODOT, AOC, LOC, Metro and OTA are: (a) expressing their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expressing their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agreeing to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs.
4. It is understood that this MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues.
5. If the legislature does not enact the proposed increases, the parties agree to cooperate to amend this MOU in a way that is consistent with any newly enacted legislation. The basic policy to be used in amending this MOU is that the benefits to all parties from this MOU shall be equitably adjusted.

**III. DEFINITIONS**

1. Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds. Alternate Transportation Projects also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects.

2. STP Replacement Funding is a supplemental amount of new Highway Trust Fund revenues paid to local jurisdictions by ODOT to replace: (i) STP Funds which would have been allocated to cities and counties pursuant to the Historical STP Formula Allocation, and (ii) Metropolitan STP Funds allocated to Alternate Transportation Projects. STP Replacement Funding will be on a dollar-for-dollar basis. The money to be used by ODOT for STP Replacement Funding is incorporated in its share of the proposed increased Highway Trust fund revenues.
3. Historical STP Formula Allocation is the formula employed by ODOT in FY 1992 and FY 1993 to allocate STP Funds to counties and to cities outside of the Portland Region. Under this formula allocation, counties received 147.6% of their FY 1991 Federal Aid Secondary (FAS) allocation and cities greater than 5,000 population and MPOs outside of the Portland Region received 147.6% of their FY 1991 Federal Aid Urban (FAU) allocation. The Historical STP Formula Allocation provides the basis for the STP Replacement Funding provided in this MOU.

#### **IV. ALLOCATION OF STP FUNDS**

1. This MOU does not affect the allocation of STP Funds to Transportation Enhancement Projects, Safety Construction Projects, or Planning and Research Funds.
2. To the extent that replacement funding and STP Replacement Funding is available through increased Highway Trust Funds allocated to the State for this purpose, or through a bonding program or another mutually agreed-upon solution, the balance of all STP Funds will be used to fund Alternate Transportation Projects as provided in IV. 5 below. These funds may only be used for road projects to the extent that such funds are not needed to meet Alternate Transportation needs or that such funds cannot be obligated to Alternate Transportation Projects within agreed-upon deadlines.
3. As provided by ISTEA, about \$10.9 million per year will be allocated to areas with a population of 5,000 or less. These funds are among those made available to Alternate Transportation Projects on a first priority basis.
4. The allocation of STP Funds to Alternate Transportation Projects will start with the federal FY 1994 program.
5. By April 15, 1993, OTA will propose a detailed process for allocating STP Funds to Alternate Transportation Projects for Oregon Transportation Commission (OTC) action by May 31, 1993. The OTA proposal shall be based on the following concepts:
  - (a) STP Funds will be used to fund specific Alternate Transportation Projects based on OTC approved criteria and procedures and in accordance with the requirements of the State Transportation Improvement Program (STIP).

- (b) A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997, will be considered for adoption by the OTC by October 1993 for inclusion in the appropriate STIP.
- (c) The proposal will include priorities and a project ranking scheme for allocating STP Funds.
- (d) Once a priority is established for allocating STP Funds to projects required to comply with the Americans with Disabilities Act, the OTC will use the Special Transportation Fund (STF) [established in ORS 391.800] for capital projects and purchases only to the extent that STP Funds are insufficient or impractical to meet special transportation capital needs.
- (e) This proposal will include a statewide committee to advise the OTC on allocating STP Funds.

6. STP Funds which are formula allocated to Metro will be used to fund specific Alternate Transportation Projects and, if necessary, road projects based on MPO-approved criteria and procedures. A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997 will be adopted by the MPO.

#### V. REPLACEMENT FUNDS FROM NEW HIGHWAY TRUST FUND REVENUES

- 1. New Highway Trust Fund revenues shall be allocated 60.05 percent to the state, 24.38 percent to counties and 15.57 percent to cities as currently set forth in ORS 366.524. The 60.05 percent of new Highway Trust Fund Revenues allocated to the state includes a 9.3 percent allowance for funding local bridge needs and STP Replacement funding (which ODOT provides to cities, counties and Metro).
- 2. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to counties and to cities outside the Portland Region, which equals the annual amount of STP Funds which would have gone to counties and cities outside of the Portland Region under the Historical STP Allocation Formula to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
- 3. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to the Portland Region, which equals the amount of formula STP Funds allocated by Metro to Alternate Transportation Projects to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
- 4. AOC, LOC and ODOT will define a process in their Intergovernmental Agreement for equitably sharing any STP or new Highway Trust Fund revenues made available because STP Funds were not used for Alternate Transportation Projects.

5. A city or county may request STP Funds in lieu of all or a portion of its State Highway Trust Fund revenues (on a dollar-for-dollar basis) to the extent that STP Funds are available to ODOT.
6. Methods for adjusting the allocation of STP Funds and increased Highway Trust Fund revenues to ensure that all parties are equitably benefitted/impacted by Obligational Cellings, appropriation levels or other such factors will be addressed in the Intergovernmental Agreements and administrative procedures.

## **VI. OBLIGATIONAL RESPONSIBILITIES**

1. It is the intention of the parties that the programs and procedures which implement this MOU ensure that STP Funds do not lapse and annual Obligational Authority is maximized.
2. To facilitate the transition period during federal FY 1994, any federal FY 1994 STP Funds which can not be obligated to Alternate Transportation Projects by March 31, 1994 may be reallocated by ODOT to any eligible projects in any jurisdiction which can obligate such funds during FY 1994. Commencing in April 1994, ODOT and OTA will jointly review the deadline for obligating STP Funds to Alternate Transportation Projects and seek to agree upon a deadline for subsequent fiscal years.

## **VII. SUBSEQUENT ACTIVITIES**

1. Intergovernmental Agreements between ODOT and AOC and LOC and ODOT and METRO will be prepared based on the concepts in this MOU and will address:
  - [a] financial adjustments to ensure that funds are being distributed equitably; and
  - [b] renegotiation and amendment at the conclusion of the ISTEA to ensure that the terms and provisions of the intergovernmental Agreements and administrative procedures are consistent with the subsequent federal transportation authorization act.
2. This MOU and all final agreements will be subject to applicable laws and will be adjusted to reflect any changes in those laws.
3. The parties to this MOU agree to the formation of a transportation finance policy committee to address issues relating to the MOU and applicable Intergovernmental Agreements. The policy committee will facilitate the maintenance and enhancement of relationships among the parties involved in transportation.

This MOU was approved by the Oregon Transportation Commission on \_\_\_\_\_ at which time the Director of ODOT was authorized and directed to sign said MOU for and on behalf of the Commission. Said authority is set forth in Volume \_\_\_\_, Page \_\_\_\_, Minute Book of the Oregon Transportation Commission. Signed this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

APPROVED FOR LEGAL SUFFICIENCY

FOR THE DEPARTMENT OF  
TRANSPORTATION

\_\_\_\_\_  
Deputy Attorney General

\_\_\_\_\_  
Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE METROPOLITAN SERVICE  
DISTRICT

FOR THE ASSOCIATION OF OREGON  
COUNTIES

\_\_\_\_\_  
Executive Officer

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE LEAGUE OF OREGON CITIES

FOR THE OREGON TRANSIT  
ASSOCIATION

\_\_\_\_\_  
President

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

PLANNING COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 93-1786, APPROVAL OF A MEMORANDUM OF UNDERSTANDING (MOU) ON STP FUNDS AND STP REPLACEMENT FUNDS

-----  
Date: April 20, 1993

Presented by: Councilor Monroe

Committee Recommendation: At the April 13 meeting, the Planning Committee voted unanimously to recommend Council adoption of Resolution No. 93-1786. Voting in favor: Councilors Van Bergen, Kvistad, Devlin, Gates, Monroe, and Moore.

Committee Issues/Discussion: Andy Cotugno, Planning Director, presented the staff report. This resolution is related to the overall planning package resolution that was adopted by the Council in December. This executes the intergovernmental agreement implementing what has been previously approved by the Council and the Oregon Transportation Commission. Signatories for the agreement are the Oregon Transportation Association, the League of Oregon Cities and the Association of Oregon Counties, who also endorsed the package in January, 1993 as well.

The piece in question is a large road funding package. If this should happen, then to the maximum extent possible flexible funding that is discretionary for Metro and ODOT would be shifted to alternative modes. This resolution provides for signing an agreement, which goes beyond individual approval by each of the five parties.

The mechanism in this resolution states if the full package, that was submitted to the legislature, is adopted then the full amount of flexible STP funds will be shifted to alternative modes. And if that happens, the shifted funds will be replaced by increases to the gas tax, which ultimately benefits those jurisdictions that would have received the individual STP funds, had they not been shifted to alternative modes. They are effectively held harmless.

However, it is generally understood that the legislature will probably not approve a full package. So this MOU may be moot. But there is also an understanding within the agreement to amend the full package. That way the same parties agree to return to discussion to determine how to amend the respective amounts to be taken for roads and alternative modes.



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING	)	RESOLUTION NO. 93-1786
THE MEMORANDUM OF UNDERSTANDING	)	
ON STP FUNDS AND STP	)	Introduced by Councilor Van
REPLACEMENT FUNDS	)	Bergen

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, One element of the financing strategy envisions using federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs; and

WHEREAS, A Memorandum of Understanding (MOU) has been agreed to by ODOT, AOC, LOC and OTA (included as Attachment A), that:

(a) expresses their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit; (b) expresses their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agrees to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs; and

WHEREAS, Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP funds and also include, but are not limited to, bicycle

facilities, pedestrian facilities, rideshare activities and demand management projects; and

WHEREAS, This definition of Alternate Transportation Projects does not exclude such intermodal facilities as may be desired by the Port of Portland and that would otherwise be eligible for STP funding; and

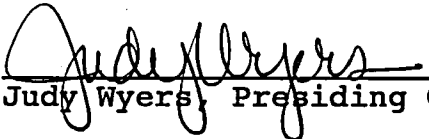
WHEREAS, This MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly-enacted revenues; and

WHEREAS, If the Legislature does not enact the proposed increases, this MOU will require amendment by all parties, now, therefore,

BE IT RESOLVED,

That the Metro Council endorses the Memorandum of Understanding on STP Funds and STP Replacement Funds.

ADOPTED by the Metro Council this 22nd day of April, 1993.

  
\_\_\_\_\_  
Judy Wyers, Presiding Officer

BEFORE THE COUNCIL OF METRO

FOR THE PURPOSE OF ENDORSING ) Resolution no. 93-1786  
THE MEMORANDUM OF UNDERSTANDING )  
ON STP FUNDS AND STP REPLACEMENT )  
FUNDS ) Introduced by  
 ) Councilor George Van Bergen

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, one element of the financing strategy envisions using federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs; and

WHEREAS, a Memorandum of Understanding (MOU) has been agreed to by ODOT, AOC, LOC and OTA (included as attachment A), that:  
(a) expresses their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expresses their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agrees to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs; and

WHEREAS, Alternate Transportation Projects include all projects which provide for alternative transportation modes and

facilities to the automobile, chiefly transit, and are eligible for STP Funds and also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects; and

WHEREAS, this definition of Alternate Transportation Projects does not exclude such inter-modal facilities as may be desired by the Port of Portland and that would otherwise be eligible for STP funding; and

WHEREAS, this MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues; and

WHEREAS, If the legislature does not enact the proposed increases, this MOU will require amendment by all parties; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Endorses the Memorandum of Understanding on STP Funds and STP Replacement Funds.

**MEMORANDUM OF UNDERSTANDING  
ON STP FUNDS AND STP REPLACEMENT FUNDS**

**I. PARTIES**

This Memorandum of Understanding (MOU) is between the Oregon Department of Transportation ("ODOT" or "State"), the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), the Metropolitan Service District (Metro) and the Oregon Transit Association (OTA).

**II. BACKGROUND AND PURPOSE**

1. This MOU records the understanding of the parties with respect to the funding package developed by the Oregon Roads Finance Study (ORFS) in support of the Oregon Transportation Plan (OTP).
2. The MOU comes from the desire of the parties to use federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs.
3. By their execution of this MOU, ODOT, AOC, LOC, Metro and OTA are: (a) expressing their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expressing their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agreeing to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs.
4. It is understood that this MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues.
5. If the legislature does not enact the proposed increases, the parties agree to cooperate to amend this MOU in a way that is consistent with any newly enacted legislation. The basic policy to be used in amending this MOU is that the benefits to all parties from this MOU shall be equitably adjusted.

**III. DEFINITIONS**

1. Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds. Alternate Transportation Projects also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects.

2. STP Replacement Funding is a supplemental amount of new Highway Trust Fund revenues paid to local jurisdictions by ODOT to replace: (i) STP Funds which would have been allocated to cities and counties pursuant to the Historical STP Formula Allocation, and (ii) Metropolitan STP Funds allocated to Alternate Transportation Projects. STP Replacement Funding will be on a dollar-for-dollar basis. The money to be used by ODOT for STP Replacement Funding is incorporated in its share of the proposed increased Highway Trust fund revenues.
3. Historical STP Formula Allocation is the formula employed by ODOT in FY 1992 and FY 1993 to allocate STP Funds to counties and to cities outside of the Portland Region. Under this formula allocation, counties received 147.6% of their FY 1991 Federal Aid Secondary (FAS) allocation and cities greater than 5,000 population and MPOs outside of the Portland Region received 147.6% of their FY 1991 Federal Aid Urban (FAU) allocation. The Historical STP Formula Allocation provides the basis for the STP Replacement Funding provided in this MOU.

#### **IV. ALLOCATION OF STP FUNDS**

1. This MOU does not affect the allocation of STP Funds to Transportation Enhancement Projects, Safety Construction Projects, or Planning and Research Funds.
2. To the extent that replacement funding and STP Replacement Funding is available through increased Highway Trust Funds allocated to the State for this purpose, or through a bonding program or another mutually agreed-upon solution, the balance of all STP Funds will be used to fund Alternate Transportation Projects as provided in IV. 5 below. These funds may only be used for road projects to the extent that such funds are not needed to meet Alternate Transportation needs or that such funds cannot be obligated to Alternate Transportation Projects within agreed-upon deadlines.
3. As provided by ISTEA, about \$10.9 million per year will be allocated to areas with a population of 5,000 or less. These funds are among those made available to Alternate Transportation Projects on a first priority basis.
4. The allocation of STP Funds to Alternate Transportation Projects will start with the federal FY 1994 program.
5. By April 15, 1993, OTA will propose a detailed process for allocating STP Funds to Alternate Transportation Projects for Oregon Transportation Commission (OTC) action by May 31, 1993. The OTA proposal shall be based on the following concepts:
  - (a) STP Funds will be used to fund specific Alternate Transportation Projects based on OTC approved criteria and procedures and in accordance with the requirements of the State Transportation Improvement Program (STIP).

- (b) A four-year program of Alternate Transportation Projects, covering federal FY 1994 throughout FY 1997, will be considered for adoption by the OTC by October 1993 for inclusion in the appropriate STIP.
- (c) The proposal will include priorities and a project ranking scheme for allocating STP Funds.
- (d) Once a priority is established for allocating STP Funds to projects required to comply with the Americans with Disabilities Act, the OTC will use the Special Transportation Fund (STF) [established in ORS 391.800] for capital projects and purchases only to the extent that STP Funds are insufficient or impractical to meet special transportation capital needs.
- (e) This proposal will include a statewide committee to advise the OTC on allocating STP Funds.

6. STP Funds which are formula allocated to Metro will be used to fund specific Alternate Transportation Projects and, if necessary, road projects based on MPO-approved criteria and procedures. A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997 will be adopted by the MPO.

#### V. REPLACEMENT FUNDS FROM NEW HIGHWAY TRUST FUND REVENUES

- 1. New Highway Trust Fund revenues shall be allocated 60.05 percent to the state, 24.38 percent to counties and 15.57 percent to cities as currently set forth in ORS 366.524. The 60.05 percent of new Highway Trust Fund Revenues allocated to the state includes a 9.3 percent allowance for funding local bridge needs and STP Replacement funding (which ODOT provides to cities, counties and Metro).
- 2. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to counties and to cities outside the Portland Region, which equals the annual amount of STP Funds which would have gone to counties and cities outside of the Portland Region under the Historical STP Allocation Formula to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
- 3. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to the Portland Region, which equals the amount of formula STP Funds allocated by Metro to Alternate Transportation Projects to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
- 4. AOC, LOC and ODOT will define a process in their Intergovernmental Agreement for equitably sharing any STP or new Highway Trust Fund revenues made available because STP Funds were not used for Alternate Transportation Projects.

5. A city or county may request STP Funds in lieu of all or a portion of its State Highway Trust Fund revenues (on a dollar-for-dollar basis) to the extent that STP Funds are available to ODOT.
6. Methods for adjusting the allocation of STP Funds and increased Highway Trust Fund revenues to ensure that all parties are equitably benefitted/impacted by Obligational Ceilings, appropriation levels or other such factors will be addressed in the Intergovernmental Agreements and administrative procedures.

## **VI. OBLIGATIONAL RESPONSIBILITIES**

1. It is the intention of the parties that the programs and procedures which implement this MOU ensure that STP Funds do not lapse and annual Obligational Authority is maximized.
2. To facilitate the transition period during federal FY 1994, any federal FY 1994 STP Funds which can not be obligated to Alternate Transportation Projects by March 31, 1994 may be reallocated by ODOT to any eligible projects in any jurisdiction which can obligate such funds during FY 1994. Commencing in April 1994, ODOT and OTA will jointly review the deadline for obligating STP Funds to Alternate Transportation Projects and seek to agree upon a deadline for subsequent fiscal years.

## **VII. SUBSEQUENT ACTIVITIES**

1. Intergovernmental Agreements between ODOT and AOC and LOC and ODOT and METRO will be prepared based on the concepts in this MOU and will address:
  - [a] financial adjustments to ensure that funds are being distributed equitably; and
  - [b] renegotiation and amendment at the conclusion of the ISTEA to ensure that the terms and provisions of the intergovernmental Agreements and administrative procedures are consistent with the subsequent federal transportation authorization act.
2. This MOU and all final agreements will be subject to applicable laws and will be adjusted to reflect any changes in those laws.
3. The parties to this MOU agree to the formation of a transportation finance policy committee to address issues relating to the MOU and applicable Intergovernmental Agreements. The policy committee will facilitate the maintenance and enhancement of relationships among the parties involved in transportation.



This MOU was approved by the Oregon Transportation Commission on \_\_\_\_\_ at which time the Director of ODOT was authorized and directed to sign said MOU for and on behalf of the Commission. Said authority is set forth in Volume \_\_\_\_\_, Page \_\_\_\_\_, Minute Book of the Oregon Transportation Commission. Signed this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_.

APPROVED FOR LEGAL SUFFICIENCY

FOR THE DEPARTMENT OF  
TRANSPORTATION

\_\_\_\_\_  
Deputy Attorney General

\_\_\_\_\_  
Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE METROPOLITAN SERVICE  
DISTRICT

FOR THE ASSOCIATION OF OREGON  
COUNTIES

\_\_\_\_\_  
Executive Officer

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE LEAGUE OF OREGON CITIES

FOR THE OREGON TRANSIT  
ASSOCIATION

\_\_\_\_\_  
President

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

Date: March 24, 1993  
To: TPAC  
From: *AC* Andrew C. Cotugno, Planning Director  
Re: Memorandum of Understanding

Attached is the Memorandum of Understanding (MOU) between ODOT, Metro, AOC, LOC and OTA on transfer of STP funds to alternative modes and replacement with Trust Fund revenues. It was approved by the Oregon Transportation Commission on March 31, 1993 and is recommended for approval and execution by Metro. This MOU would allow the majority of STP funds in the state to be transferred to alternative transportation projects, chiefly transit. This agreement would be in force only if the proposed increase in revenues to the Highway Trust Fund is enacted by the Legislature. A resolution and staff report authorizing execution of the MOU will be available at the TPAC meeting.

ACC:lmk

Attachment

**MEMORANDUM OF UNDERSTANDING  
ON STP FUNDS AND STP REPLACEMENT FUNDS**

**I. PARTIES**

This Memorandum of Understanding (MOU) is between the Oregon Department of Transportation ("ODOT" or "State"), the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), the Metropolitan Service District (Metro) and the Oregon Transit Association (OTA).

**II. BACKGROUND AND PURPOSE**

1. This MOU records the understanding of the parties with respect to the funding package developed by the Oregon Roads Finance Study (ORFS) in support of the Oregon Transportation Plan (OTP).
2. The MOU comes from the desire of the parties to use federal Surface Transportation Program (STP) funds and new state revenues to flexibly contribute in the most efficient way possible to the multi-modal transportation program delineated in the current and subsequent Statewide Transportation Improvement Programs.
3. By their execution of this MOU, ODOT, AOC, LOC, Metro and OTA are: (a) expressing their intent to implement a program making STP Funds available to alternate transportation projects, chiefly transit, (b) expressing their intent regarding how increased State Highway Trust Fund revenues will be allocated to the state, cities, counties and regions, and (c) agreeing to cooperate to prepare and execute the Intergovernmental Agreements and administrative procedures needed to implement such programs.
4. It is understood that this MOU is dependent on legislative approval of the proposed increase in revenues to the state highway trust fund and only applies to newly enacted revenues.
5. If the legislature does not enact the proposed increases, the parties agree to cooperate to amend this MOU in a way that is consistent with any newly enacted legislation. The basic policy to be used in amending this MOU is that the benefits to all parties from this MOU shall be equitably adjusted.

**III. DEFINITIONS**

1. Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds. Alternate Transportation Projects also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects.

2. STP Replacement Funding is a supplemental amount of new Highway Trust Fund revenues paid to local jurisdictions by ODOT to replace: (i) STP Funds which would have been allocated to cities and counties pursuant to the Historical STP Formula Allocation, and (ii) Metropolitan STP Funds allocated to Alternate Transportation Projects. STP Replacement Funding will be on a dollar-for-dollar basis. The money to be used by ODOT for STP Replacement Funding is incorporated in its share of the proposed increased Highway Trust fund revenues.
3. Historical STP Formula Allocation is the formula employed by ODOT in FY 1992 and FY 1993 to allocate STP Funds to counties and to cities outside of the Portland Region. Under this formula allocation, counties received 147.6% of their FY 1991 Federal Aid Secondary (FAS) allocation and cities greater than 5,000 population and MPOs outside of the Portland Region received 147.6% of their FY 1991 Federal Aid Urban (FAU) allocation. The Historical STP Formula Allocation provides the basis for the STP Replacement Funding provided in this MOU.

#### **IV. ALLOCATION OF STP FUNDS**

1. This MOU does not affect the allocation of STP Funds to Transportation Enhancement Projects, Safety Construction Projects, or Planning and Research Funds.
2. To the extent that replacement funding and STP Replacement Funding is available through increased Highway Trust Funds allocated to the State for this purpose, or through a bonding program or another mutually agreed-upon solution, the balance of all STP Funds will be used to fund Alternate Transportation Projects as provided in IV. 5 below. These funds may only be used for road projects to the extent that such funds are not needed to meet Alternate Transportation needs or that such funds cannot be obligated to Alternate Transportation Projects within agreed-upon deadlines.
3. As provided by ISTEA, about \$10.9 million per year will be allocated to areas with a population of 5,000 or less. These funds are among those made available to Alternate Transportation Projects on a first priority basis.
4. The allocation of STP Funds to Alternate Transportation Projects will start with the federal FY 1994 program.
5. By April 15, 1993, OTA will propose a detailed process for allocating STP Funds to Alternate Transportation Projects for Oregon Transportation Commission (OTC) action by May 31, 1993. The OTA proposal shall be based on the following concepts:
  - (a) STP Funds will be used to fund specific Alternate Transportation Projects based on OTC approved criteria and procedures and in accordance with the requirements of the State Transportation Improvement Program (STIP).

- (b) A four-year program of Alternate Transportation Projects, covering federal FY 1994 throughout FY 1997, will be considered for adoption by the OTC by October 1993 for inclusion in the appropriate STIP.
  - (c) The proposal will include priorities and a project ranking scheme for allocating STP Funds.
  - (d) Once a priority is established for allocating STP Funds to projects required to comply with the Americans with Disabilities Act, the OTC will use the Special Transportation Fund (STF) [established in ORS 391.800] for capital projects and purchases only to the extent that STP Funds are insufficient or impractical to meet special transportation capital needs.
  - (e) This proposal will include a statewide committee to advise the OTC on allocating STP Funds.
6. STP Funds which are formula allocated to Metro will be used to fund specific Alternate Transportation Projects and, if necessary, road projects based on MPO-approved criteria and procedures. A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997 will be adopted by the MPO.

#### **V. REPLACEMENT FUNDS FROM NEW HIGHWAY TRUST FUND REVENUES**

1. New Highway Trust Fund revenues shall be allocated 60.05 percent to the state, 24.38 percent to counties and 15.57 percent to cities as currently set forth in ORS 366.524. The 60.05 percent of new Highway Trust Fund Revenues allocated to the state includes a 9.3 percent allowance for funding local bridge needs and STP Replacement funding (which ODOT provides to cities, counties and Metro).
2. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to counties and to cities outside the Portland Region, which equals the annual amount of STP Funds which would have gone to counties and cities outside of the Portland Region under the Historical STP Allocation Formula to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
3. ODOT will allocate a share of its annual proceeds from the increased Highway Trust Fund revenues to the Portland Region, which equals the amount of formula STP Funds allocated by Metro to Alternate Transportation Projects to the extent that sufficient funds are available through the 9.3 percent allowance or through a bonding program or another mutually agreed-upon solution.
4. AOC, LOC and ODOT will define a process in their Intergovernmental Agreement for equitably sharing any STP or new Highway Trust Fund revenues made available because STP Funds were not used for Alternate Transportation Projects.

5. A city or county may request STP Funds in lieu of all or a portion of its State Highway Trust Fund revenues (on a dollar-for-dollar basis) to the extent that STP Funds are available to ODOT.
6. Methods for adjusting the allocation of STP Funds and increased Highway Trust Fund revenues to ensure that all parties are equitably benefitted/impacted by Obligational Ceilings, appropriation levels or other such factors will be addressed in the Intergovernmental Agreements and administrative procedures.

## **VI. OBLIGATIONAL RESPONSIBILITIES**

1. It is the intention of the parties that the programs and procedures which implement this MOU ensure that STP Funds do not lapse and annual Obligational Authority is maximized.
2. To facilitate the transition period during federal FY 1994, any federal FY 1994 STP Funds which can not be obligated to Alternate Transportation Projects by March 31, 1994 may be reallocated by ODOT to any eligible projects in any jurisdiction which can obligate such funds during FY 1994. Commencing in April 1994, ODOT and OTA will jointly review the deadline for obligating STP Funds to Alternate Transportation Projects and seek to agree upon a deadline for subsequent fiscal years.

## **VII. SUBSEQUENT ACTIVITIES**

1. Intergovernmental Agreements between ODOT and AOC and LOC and ODOT and METRO will be prepared based on the concepts in this MOU and will address:
  - [a] financial adjustments to ensure that funds are being distributed equitably; and
  - [b] renegotiation and amendment at the conclusion of the ISTEA to ensure that the terms and provisions of the intergovernmental Agreements and administrative procedures are consistent with the subsequent federal transportation authorization act.
2. This MOU and all final agreements will be subject to applicable laws and will be adjusted to reflect any changes in those laws.
3. The parties to this MOU agree to the formation of a transportation finance policy committee to address issues relating to the MOU and applicable Intergovernmental Agreements. The policy committee will facilitate the maintenance and enhancement of relationships among the parties involved in transportation.

This MOU was approved by the Oregon Transportation Commission on \_\_\_\_\_ at which time the Director of ODOT was authorized and directed to sign said MOU for and on behalf of the Commission. Said authority is set forth in Volume \_\_\_\_, Page \_\_\_\_, Minute Book of the Oregon Transportation Commission. Signed this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

APPROVED FOR LEGAL SUFFICIENCY

FOR THE DEPARTMENT OF TRANSPORTATION

\_\_\_\_\_  
Deputy Attorney General

\_\_\_\_\_  
Director

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE METROPOLITAN SERVICE DISTRICT

FOR THE ASSOCIATION OF OREGON COUNTIES

\_\_\_\_\_  
Executive Officer

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

FOR THE LEAGUE OF OREGON CITIES

FOR THE OREGON TRANSIT ASSOCIATION

\_\_\_\_\_  
President

\_\_\_\_\_  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 93-1786 FOR THE PURPOSE OF ENDORISING THE MEMORANDUM OF UNDERSTANDING FOR STP FUNDS AND STP REPLACEMENT FUNDS

Date: April 8, 1993

Presented by: Andrew Cotugno

#### PROPOSED ACTION

Endorsement of a Memorandum of Understanding which would maximize dedication of federal STP funds to Alternate Transportation Projects, allocate new state gas tax revenues amongst ODOT and the cities and counties to support programmed, constitutionally permitted transportation improvement projects and define the administrative procedures to ratify these mandates.

#### FACTUAL BACKGROUND AND ANALYSIS

Three statewide planning efforts: the Oregon Roads Finance Study, the Oregon Rail Passenger Plan and the Oregon Transportation Plan, yielded the Oregon Transportation Finance Plan approved by JPACT and the Metro Council in December of 1992. The 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 financing plan is consistent with Metro Resolution No. 89-1035 which addressed the strategies for a comprehensive multi-modal approach in the Portland region. Two of the finance plan recommendations are the subject of the MOU being considered for approval at this time: dedication of STP funds to "non-traditional" projects, and an increase in gas taxes.

The MOU provides for dedication of flexible federal highway funds (i.e., federal Surface Transportation Program (STP) funds) to support Alternative Transportation Projects. As stated in the MOU,

"Alternate Transportation Projects include all projects which provide for alternative transportation modes and facilities to the automobile, chiefly transit, and are eligible for STP Funds. Alternate Transportation Projects also include but are not limited to bicycle facilities, pedestrian facilities, rideshare activities and demand management projects."

Dedication of STP funds for this class of projects will leave other, "traditional" road-type projects unfunded. Therefore, in a dollar-for-dollar exchange, STP funding that ODOT and local jurisdictions "give up," will be "back filled" by ODOT with revenue generated by a proposed increase of 4¢ on the gas tax, plus associated truck weight-mile taxes, for the next four years. Under terms of the MOU, the new Highway Trust Fund revenues would be allocated 60.05 percent to the state, 24.38 percent to counties, and 15.57 percent to cities as currently set forth in ORS 366.524. The 60.05 percent of new Highway Trust Fund Revenues allocated to the state includes a 9.3 percent allowance for funding the STP Replacement



funding program (and additionally, a local bridge needs program derived from analysis of "unmet needs" contained in ODOT's current six-year program).

Metro STP Replacement Program.

Metro anticipates appropriation of \$27 million to the region from FY 1994 through FY 1997 that will be eligible for the "back fill" proposal. Accordingly, in the future, the STP Funds which are formula allocated to Metro will be used to fund specific Alternate Transportation Projects, and, if necessary, road projects based on Metro-approved criteria and procedures. A four-year program of Alternate Transportation Projects, covering federal FY 1994 through FY 1997 will be adopted by Metro. Correspondingly, Metro will also administer a State Highway Trust Fund program. Projects in the Trust Fund program will be limited to constitutionally restricted purposes.

The Port of Portland has expressed concern that some of their contemplated inter-modal, freight movement-type projects are not explicitly included in the definition of Alternate Transportation Projects, i.e., Port projects have been relegated to the "not limited to" list. Language is included in the Resolution which, without amending the MOU, addresses the Port's concerns.

Program Administration

The MOU has been approved by the Oregon Department of Transportation, the Association of Oregon Counties (AOC), the League of Oregon Cities (LOC), and the Oregon Transit Association (OTA). Intergovernmental agreements between these parties and Metro will be needed to fully define administrative procedures for the programs contemplated in the MOU. Finally, the splits are based upon an assumption that the full financing package submitted to the legislature will be approved. Should the full package not be adopted, the MOU provides that mutually agreed upon revisions will have to be negotiated. The MOU also mandates formation of a transportation finance policy committee to address issues relating to the MOU and applicable Intergovernmental Agreements.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 93-1786.

**PLANNING COMMITTEE REPORT**

CONSIDERATION OF RESOLUTION NO. 93-1786, APPROVAL OF A MEMORANDUM OF UNDERSTANDING (MOU) ON STP FUNDS AND STP REPLACEMENT FUNDS

-----  
Date: April 20, 1993

Presented by: Councilor Monroe

**Committee Recommendation:** At the April 13 meeting, the Planning Committee voted unanimously to recommend Council adoption of Resolution No. 93-1786. Voting in favor: Councilors Van Bergen, Kvistad, Devlin, Gates, Monroe, and Moore.

**Committee Issues/Discussion:** Andy Cotugno, Planning Director, presented the staff report. This resolution is related to the overall planning package resolution that was adopted by the Council in December. This executes the intergovernmental agreement implementing what has been previously approved by the Council and the Oregon Transportation Commission. Signatories for the agreement are the Oregon Transportation Association, the League of Oregon Cities and the Association of Oregon Counties, who also endorsed the package in January, 1993 as well.

The piece in question is a large road funding package. If this should happen, then to the maximum extent possible flexible funding that is discretionary for Metro and ODOT would be shifted to alternative modes. This resolution provides for signing an agreement, which goes beyond individual approval by each of the five parties.

The mechanism in this resolution states if the full package, that was submitted to the legislature, is adopted then the full amount of flexible STP funds will be shifted to alternative modes. And if that happens, the shifted funds will be replaced by increases to the gas tax, which ultimately benefits those jurisdictions that would have received the individual STP funds, had they not been shifted to alternative modes. They are effectively held harmless.

However, it is generally understood that the legislature will probably not approve a full package. So this MOU may be moot. But there is also an understanding within the agreement to amend the full package. That way the same parties agree to return to discussion to determine how to amend the respective amounts to be taken for roads and alternative modes.