

# Draft Funding Work Group Meeting #1 Summary

MEETING DATE: Thursday, June 7, 2018  
MEETING TIME: 2:30-5:00 pm  
LOCATION: Council Chambers at Bend City Hall

## Meeting Overview

The Funding Work Group (FWG) approved the Charter and developed understanding and agreement about the process, timeline, format, and dates for FWG meetings. The FWG reviewed information about previous funding plans, alternative approaches, and potential funding sources, and they discussed methods and potential criteria for evaluating funding sources. Finally, the group determined dates and times for the next three FWG meetings.

## Attendees

CTAC Members: Ruth Williamson, Nicole Mardell, Dale Van Valkenburg, Katy Brooks, Steve Hultberg, Mike Riley, Suzanne Johanssen, Richard Ross, Karna Gustafson,

City Representatives: Emily Eros, Transportation Planner; Brian Rankin, Planning Manager; Sharon Wojda, Finance Director; Camila Sparks, Budget and Financial Planning Manager; Russ Grayson, Community Development Director; Elizabeth Oshel, Associate City Attorney; Tyler Deke, MPO Manager; Susanna Julber, Senior Policy Analyst; Casey Roats, Mayor; Eric King, City Manager; David Abbas, Streets and Operations Director

Consultants: Bob Parker, ECONorthwest, Joe Dills, APG

## Agenda

### 1. Welcome, introductions, agenda overview, potential opportunity for public comment

Casey Roats, Mayor, and Eric King welcomed the group.

### 2. Funding Work Group charge and process, legal briefing, and work plan

The Work Group went over the charter and approved it. Elizabeth Oshel, Associate City Attorney, summarized conflict of interest rules and explained how and when to declare potential conflicts of interest. Emily Eros, Transportation Planner, summarized the work

plan and highlighted the differences between the MPO funding plan and the TSP funding plan.

### 3. Overview of funding plans and funding sources

Joe Dills, APG, framed the agenda item, with Emily walking the group through the presentation and discussing the previous funding plans and the differences between them. In summary, developing a funding plan involves several key steps: forecasting funding from existing sources, comparing funding needs to what is available, identifying and evaluating additional funding sources, developing packages of funding options, and assessing funding packages. The next FWG meeting in July will focus on narrowing the list of most promising funding sources. In order to do this, the group had an initial discussion about evaluation criteria. In October we'll be looking at packages of projects and funding. By next April, draft TSP and draft MTP for review, with this work group's products built into the funding chapter.

Questions and discussion points:

- How does the FWG process fit w/ what is going on w/ CTAC and SC (see meeting packet, page 8)? Mike Riley asked when we figure out how we move the estimated gap to the real gap? Joe clarified that we need a project list from CTAC, which will come in spring 2019 and that the projects will be prioritized by the full CTAC but providing a recommendation for how to pay for them is the FWG's role.
- Emily asked about meeting logistics. The group determined that receiving the meeting packet a week ahead of time will allow enough time to prepare, though additional time would be appreciated if the packet is really large. The group discussed how it will share and approach information and independent research; they determined that they can send materials to Emily and she will distribute/post as needed. For public comments, the group decided to approach this the same way that they do at CTAC, asking for comments at the beginning and end of the meeting.
- The group brought up SDCs and had a discussion about this. Russ Grayson explained the fiscally-constrained project list concept; the cost estimate for all projects on a fiscally-constrained project list must equal the amount of projected SDC revenue, based on a particular level of SDC fees. This requires that an initial complete list of projects must be prioritized into a fiscally-constrained list. Katy clarified it is worth having a constrained and unconstrained list. Then you can have projects in a queue on a list for funding. Emily discussed the four potential funding sources that were identified in the previous TSP and noted what steps the City took for each and why these sources did not come to fruition. Steve Hultberg asked about the Transportation Utility Fee and noted that Corvallis was able to impose it on trip generation for commercial uses vs. residential uses - ECO will look into this for more information. Regarding potential funding sources identified in the last TSP, Richard says he hopes that the past ideas that were not successful won't be thrown out. He used Portland as an example and noted that it took five tries before they were able to pass their fuels tax. Regarding sales taxes, Eric clarified that in 2009 the legislature put a moratorium on sales taxes. Steve said Corvallis uses theirs for sole maintenance and repairs.
- The group discussed what we can learn from previous funding plans. Emily noted that we can better coordinate the MTP and TSP now, with this update, and that Bend's sensitivity to economic changes (since it is very reliant on SDCs for transportation capital funding) meant that recessions will affect SDC revenue very severely. Ruth noted and

Katy confirmed that we have a different economic profile than we did in 2008. We are continuing to advance in the tech sector and OSU Cascades, diversifying.

- The group expressed concern that we are vulnerable being heavily reliant on SDCs. Also our property taxes are very low compared to other communities, Sharon clarified. Katy Brooks asked for info on the split of other communities' sources of funds for transportation improvements and maintenance.
- Karna noted that lots of jurisdictions have moved to private streets. Russ said the policy direction is that even if you're building them privately, you have to build to city standards.
- Joe asked about any other lessons learned. He brought up the Westside Consortium. Karna asked about the SDC credits and Russ clarified that the project list includes cost estimates, but the developer is credited the actual cost they spent on the project.
- Nicole Mardell noted the importance of equity and having a good combination of projects of different modes. She brought up the importance of including a good suite of projects and relating them to CTAC goals. Mike echoed that we need to ensure that bike and pedestrian projects are getting equal treatment in prioritization and policy so that those projects get built. He also noted the importance of geographic equity.
- Emily gave a brief overview of transportation SDCs in general and discussed the current SDC increase process. On June 20<sup>th</sup>, City Council will consider an SDC increase from the current amount (\$5,285 per peak hour trip) to \$6,800 per peak hour trip (which is what is charged on one single-family home). We'll be updating the whole SDC methodology in the next couple of years because the growth/reimbursement shares need to be updated for the current UGB growth model. The FWG won't be involved directly in that, but they will be kept apprised of the process and, as with any other existing or potential funding source, the FWG can consider whether this funding source could be enhanced, given political and economic considerations and the funding evaluation criteria that the group will discuss. The group compared other cities' SDCs and discussed differences in methodology. Also touched on supplemental SDCs as a possibility for certain areas in town. Suzanne Johanssen explained her experience as a City Councilor and the implementation of the first Transportation SDC.
- Dale asked about the TSDC list the cost of the full list was estimated at \$124 million then and updated cost estimates place it at \$308 million now. Why? Emily explained that the cost of materials has increased, but largely the increase comes from a very high increase to the cost of labor in the current economy (where there is a labor shortage) compared to a labor surplus in 2010 when the cost estimates were first developed. Updated design standards are another key factor; the standards to which features like roundabouts are built have increased, which means that costs have also increased. Finally, increased information plays a role – we have a much better idea of what it costs to resurface a former county road after completing local projects of that nature.

### **Break- 3:50-4:05**

#### **4. Initial discussion about evaluating funding options (methods and criteria)**

Bob walked the group through the presentation slides, which covered types of funding sources and included material regarding funding sources that include visitors instead of just residents, which was something that CTAC members asked about in CTAC meeting #2. These included, for example: Transient Lodging Tax and fees/taxes on short term rentals, car sharing, vehicle rentals, food and beverages, etc. Bob noted that Newport and Reedsport have seasonal fuel taxes that are higher during summer months.

Bob discussed initial themes for evaluation criteria: efficiency, legality, fairness, political support. He also showed three examples of funding matrices, which have to do with how materials are presented so that funding sources can be evaluated. These materials are in the slide presentation.

Discussion points and questions:

- Richard Ross- asked about Registration Fee (Multnomah County for the bridge). Local Street Improvement Partnership. Transit operation fees (Corvallis, Missoula). Richard suggested innovative funding sources that may drive performance.
- Karna asked about #6- South Hillsboro- supplemental SDC paid over time. SDC and then also LID so payment over time.
- Mikepointed out things that are important: how to pay for tourism's impacts and transit. He noted that we can't rely on property taxes only and advocated for a combination of funding sources. He asked about payroll taxes. He also asked how we might get at that issue of the different uses and the need for trips. He commented that stability seems like a very important theme to add as a dimension for evaluating funding sources and packages, especially for our community.
- Katy – under the fairness/equity dimension, she would like the group to consider potential adverse impacts to the economy. We need to think about that. For example, a payroll tax would have effects on local businesses, so would taxes on food, etc.) Katy explained that we need to weigh these types of impacts on businesses as the group considers funding packages.

## **5. Public Comment**

Anne Marie Carlucci (unsure on spelling) talked about the range of different developers and development approaches, and that the Funding Plan should anticipate implementation for both small, medium and large developers/projects.

## **6. Scheduling next meetings, close/initial discussion of next meeting**

The group decided on the following dates and times for future meetings, and Emily will schedule these:

- FWG#2: July 24, between 10am and 3:30pm (exact time later determined as 10-12:30)
- FWG#3: September 12, 3-5:30pm
- FWG#4: October 10, 1-3:30pm