



# **THE FUNDING WORK GROUP CHARGE & OVERVIEW OF TRANSPORTATION FUNDING**

**JUNE 7<sup>TH</sup>, 2018 2:30-5:00PM**



## Funding Work Group

- FWG Co-Chairs
  - Karna Gustafson
  - Steve Hultberg
  - Mike Riley
  - Ruth Williamson
- Other FWG Members
  - Katy Brooks
  - Suzanne Johanssen
  - Richard Ross
  - Nicole Mardell
  - Dale Van Valkenburg

## City Staff

- Nick Arnis, Growth Management
- Emily Eros, Growth Management
- Sharon Wojda, Finance
- Camilla Sparks, Finance
- Elizabeth Oshel, Legal
- Tyler Deke, Bend MPO

## Consulting Team

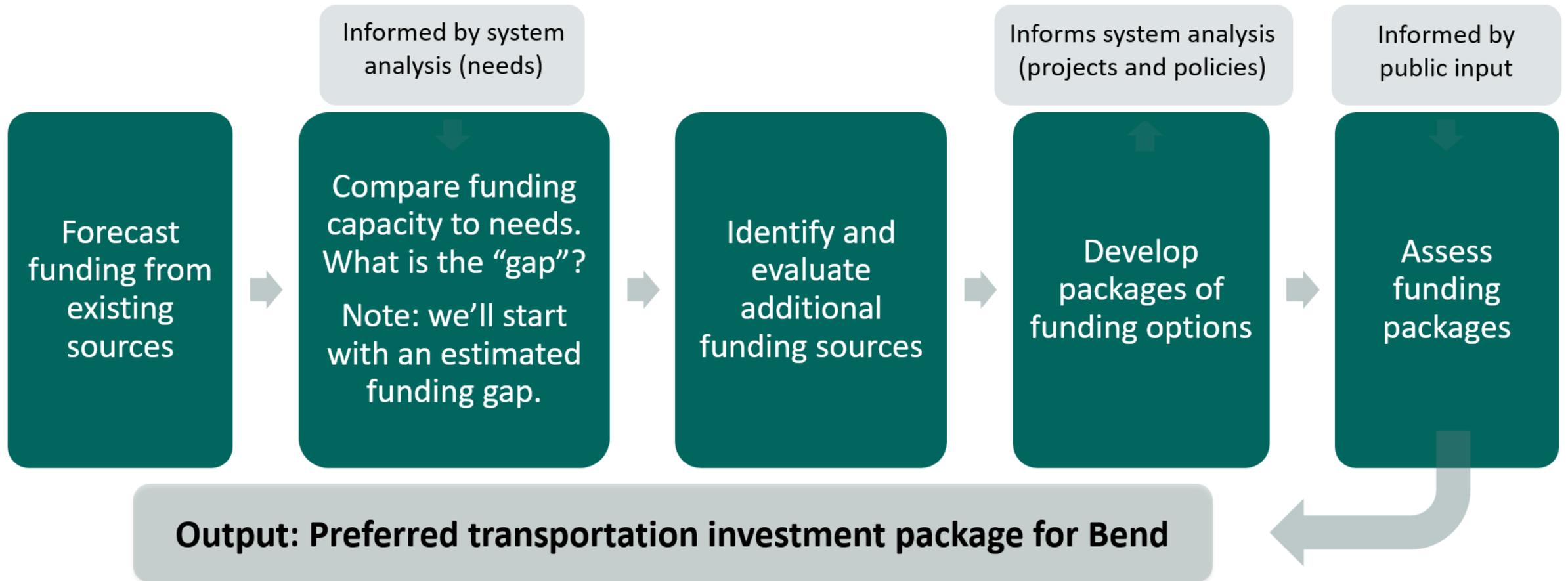
- Joe Dills, Angelo Planning Group
- Bob Parker, ECONorthwest



## The purposes of the Funding Work Group (FWG) are to:

- Advise the Citywide Transportation Advisory Group (CTAC) on matters regarding transportation funding in Bend
- Work collaboratively with, and provide guidance to, the staff and consultant project team in the preparation of the Bend Transportation Funding Plan
- Review, provide input on, and recommend a draft Funding Plan to the CTAC

# HOW DO WE CREATE A FUNDING PLAN?





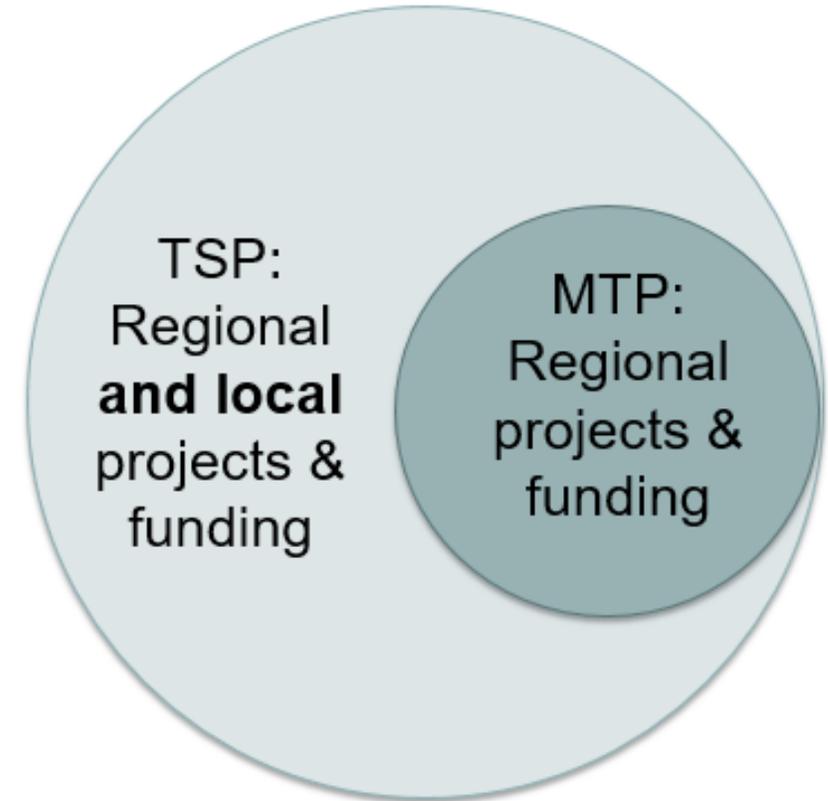
## MTP

- MPO boundary
- Focuses only on regional facilities
- Must be “fiscally constrained”
- Process will be relatively straightforward

## TSP

- UGB boundary
- More emphasis on local streets and smaller programs/projects
- Sources must be "reasonably likely"; identifying funding strategies and packages will be key activities
- Process will require more involvement from FWG

## Relationship between the plans\*



**WHERE ARE WE NOW?**

**REVIEW OF PREVIOUS PLANS  
AND FUNDING STRATEGIES**

# PREVIOUS TSP AND MTP FUNDING PLANS: KEY COMPONENTS



## MTP (adopted in 2014)

- Cascades East Transit
- Deschutes County CIP (no relevant projects)
- Operations and maintenance for City of Bend
- **Capital improvements for regional facilities (\$188 million)**

## TSP (updated in 2012)

- Cascades East Transit
- **Capital improvements for regional facilities and local facilities (\$213 million\*)**
- Operations and maintenance for City of Bend



## 20-year forecasted capital funding and needs summary

Slow-growth  
funding forecast  
**\$193 million**

Estimated 20-year  
system needs  
**\$213 million\***

Stronger-growth  
funding forecast  
**\$233 million**



### The difference between forecasted levels:

\$40 million (19%) of capital funding was projected to come from “new sources”

\*This does not include \$60M needed for urban renewal districts (Juniper Ridge and Murphy Crossing)

# PREVIOUS TSP: STATUS OF “NEW SOURCES”



**\$40 million of capital funding was projected to come from these sources:**

Local vehicle  
registration fee

- The City considered this in 2000 but decided against it
- Current state law only permits counties (not cities) to implement

Local fuel tax

- Did not pass in 2016

Transportation  
utility fee

- Complicated to assess on non-residential properties
- The City began investigating this right before the recession
- Not a priority after economic recovery due to GO Bond
- City Council considering raising sewer and water franchise fees, effective July 1

Local option levy

- Hasn't been pursued; difficult to gain public support

## WHAT CAN WE LEARN FROM PREVIOUS FUNDING PLANS?



- The TSP and MTP funding plans need to be written clearly, easy to understand, and **well-coordinated**.
- Bend's sensitivity to economic changes makes planning especially difficult.
- The “new sources” identified in the TSP have not materialized.

**How do we learn from this and “future-proof” our funding plans?**

# UPDATE ON AN IMPORTANT EXISTING FUNDING SOURCE: TSDCs

# SYSTEM DEVELOPMENT CHARGES



- One-time fees paid by developers to help cover the cost of growth
- Based on the impacts created by the new development

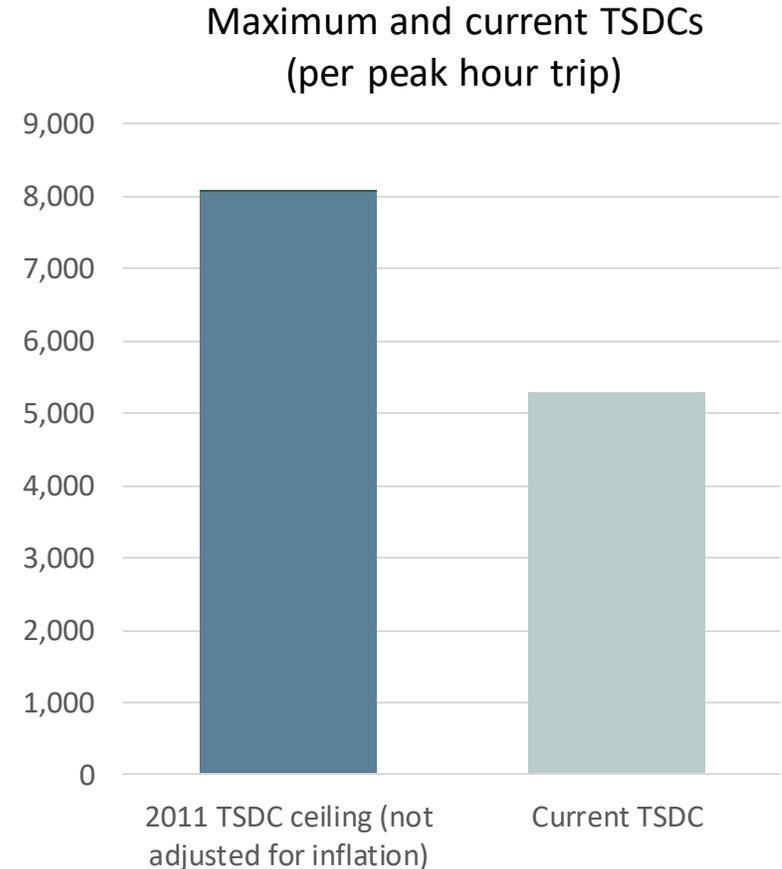
*Bend TSDC rate table example for FY17-18*

Single Family Dwelling (on individual lots)	\$ 5,285.00	Per dwelling unit
Apartments (Multi-family housing)	\$ 3,248.00	Per dwelling unit
Condo/Townhouse (includes Duplex/Triplex)	\$ 2,718.00	Per dwelling unit
Mobile Home	\$ 2,932.00	Per occupied dwelling unit
Accessory Dwelling Unit (ADU)	\$ 1,412.00	Per dwelling unit
Senior Adult Housing - Attached	\$ 577.00	Per occupied dwelling unit
Congregate Care Facility	\$ 894.00	Per occupied dwelling unit
Lodging:		
Hotel	\$ 3,083.00	Per room
Motel	\$ 2,460.00	Per room
Recreation:		
City Park	\$ 472.00	Per acre
Regional Park	\$ 671.00	Per acre
Golf Course	\$ 11,474.00	Per hole

# SYSTEM DEVELOPMENT CHARGES: PROCESS



- Transportation System Plan informs a TSDC project list
- Trip modeling for the projects
- Costs of the list and trip modeling are used to develop TSDC fee “ceiling”: maximum TSDC for one peak hour trip
- Bend has historically kept TSDC fees below the ceiling
- Fiscally-constrained TSDC list



# TSDC UPDATE CONSIDERATIONS

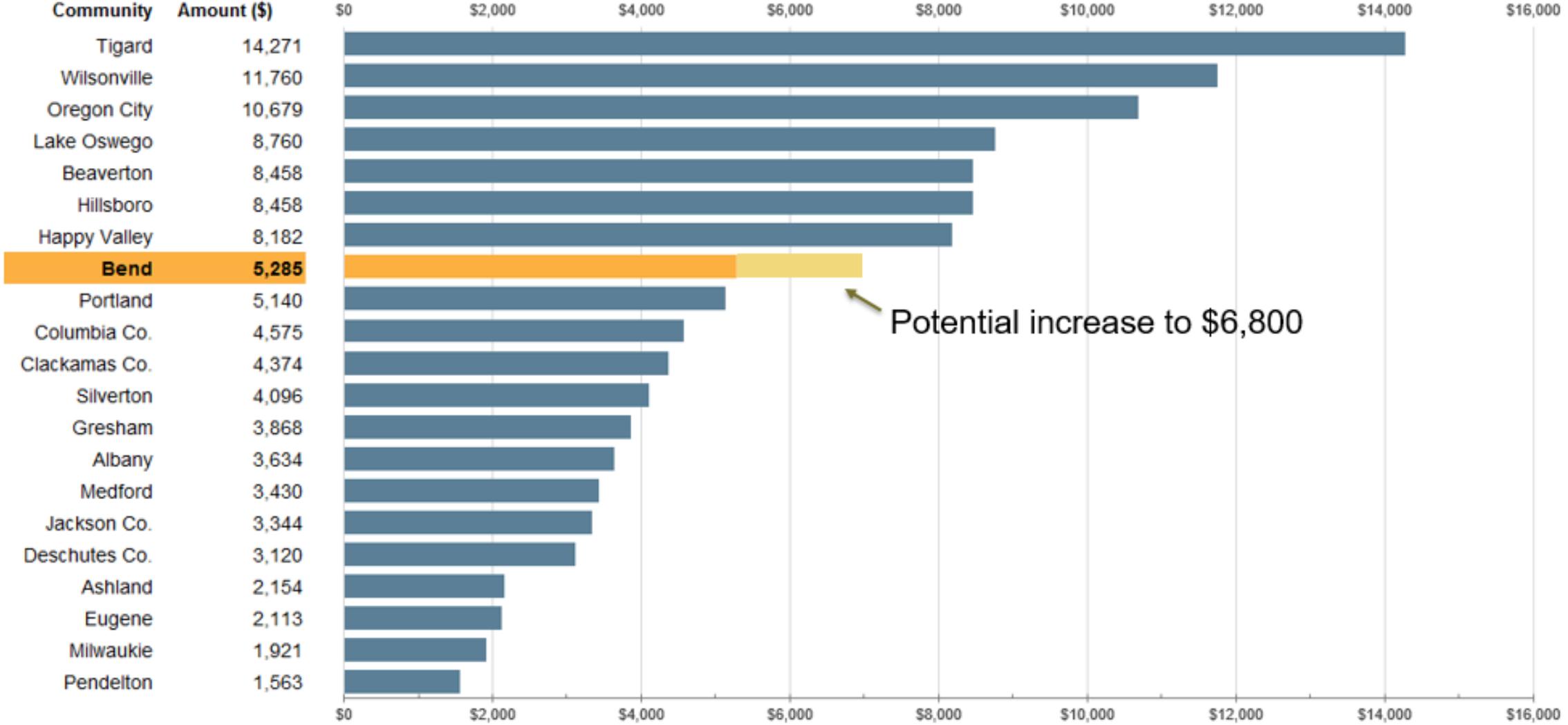


- Costs for TSDC projects have risen substantially.  
Projects on the fiscally-constrained TSDC list rose from est. **\$124 to \$308 million.**
- Bend is currently in a major growth phase
- Funding is needed to complete Empire and Murphy, as key corridors
- Previous TSP assumed an increase to TSDCs in 2017 to \$6,374

Therefore

- City Council will consider a resolution to increase TSDCs from **\$5,285 to \$6,800**, effective July 1.
- TSDC methods update will take place concurrently with TSP

# COMPARISON OF TSDCs IN SAMPLE OREGON CITIES



# **SELECTING A FUNDING PACKAGE: FUNDING TOOLS AND EVALUATION CRITERIA**



## Three categories of funding tools:

### Funding mechanisms tied to the use of transportation systems

- Tolls & road user fees
- Local gas taxes
- Street utility fees
- VMT taxes
- Weight-mile taxes
- Vehicle registration fees
- Transit fares

### Funding mechanisms tied to land value capture

- Urban renewal districts
- Special or local improvement districts
- Income tax sequestration

### Other funding mechanisms

- General Obligation bonds
- Income tax, sales tax, payroll tax, transient lodging tax
- Impact fees (SDCs)
- Construction excise tax
- Business license fee
- Passenger facility charge
- Real property transfer

# WHAT STRATEGIES EXIST THAT INCLUDE VISITORS?



**Tax Exporting:** Strategies to ensure non-residents are also contributing to transportation revenues

- Local revenue options
  - Hotels, motels, and similar lodging options
  - Short-term rentals
  - Car-sharing (e.g. Uber/Lyft)
  - Vehicle rentals
  - Food and beverage tax (e.g. in Ashland, this helps fund sewer and parks)
- Gas/Fuel Tax (Note: Newport and Reedsport have higher rates in summer)
- Parking Fees

Funding analysis needs to consider both the possibilities for generating revenue and the restrictions for using it.



## Two considerations for funding analysis:

1. How could each of the existing funding sources be enhanced? Which sources are most suitable for this?
2. Funding analysis needs to consider the full range of possibilities for funding sources, with a view towards innovation and experiences in other cities

# EVALUATION CRITERIA: WHAT THE LITERATURE SAYS



Efficiency

Legality

Fairness

Political  
support

- Capacity
- Timing
- Administrative ease
- Stability/predictability
- Flexibility

# SAMPLE EVALUATION MATRIX 1



Name	Description	Advantages	Disadvantages
1. Fare increases	Increase fares or change fare structure to increase revenues.	Widely applied. Is a user fee (considered equitable).	Discourages transit use. Is regressive.
2. Discounted bulk passes	Discounted passes sold to groups based on their ridership.	Increases revenue and transit ridership.	Increases transit service costs and so may provide little net revenue.
3. Property taxes	Increase local property taxes.	Widely applied. Distributes burden widely. Produces significant revenue.	Supports no other objectives. Is considered regressive.
4. Sales taxes	A special local sales tax	Distributes burden widely, including to non-residents. Significant revenue.	Supports no other objectives. Is regressive.
5. Tourist services taxes	Taxes on tourist services such as hotel rooms and vehicle rentals.	Primarily borne by non-residents. Is already collected.	If excessive, may reduce tourism.
6. Sin taxes	Taxes on goods such as liquor, cigarettes and gambling.	Incentivizes healthy behaviors.	These taxes are already high, and increases may harm local businesses.
7. Gas/fuel taxes	Obtain a dedicated portion of state fuel taxes, or use and potentially increase the local option fuel taxes.	Widely applied. Reduces vehicle traffic and fuel use.	Is considered regressive. Becomes less stable as fuel efficiency increases.

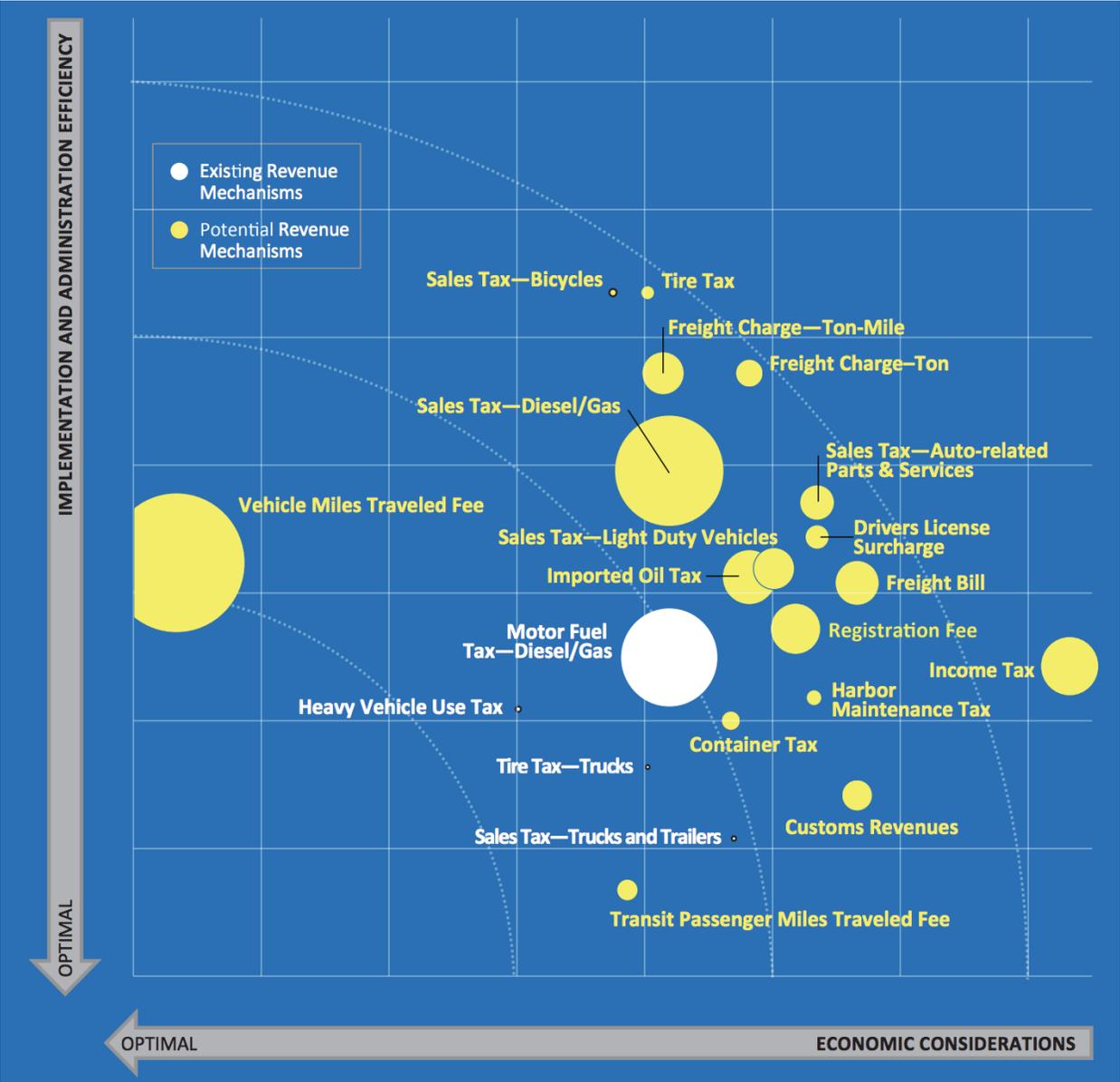
# SAMPLE EVALUATION MATRIX 2



Revenue Source	Revenue Criterion					
	Financial Effectiveness		Transportation Efficiency	Fiscal Efficiency	Equity	Political Acceptability
	Stability	Growth Potential				
Direct User Fees						
Fuel tax on motor & diesel fuels	++	-	+	++	-	±
Sales tax on motor & diesel fuels	++	+	+	++	-	±
Aviation fuels tax	+	++	--	++	++	±
Flat tolls (facility-based)	++	++	+	+	+	±
Variable tolls						
Area-based tolls	++	++	++	++	±	±
Time-based tolls	+	++	++	++	±	±
Congestion-based tolls	+	++	++	++	±	±
Emissions fees	+	+	++	--	--	-
Annual VMT fees	+	++	+	--	-	--
Non-User Fees						
Vehicle sales tax	+	++	-	++	-	+
Vehicle license/registration fees	+	++	-	++	--	+
Sales tax	+	++	--	++	--	+
Property tax	+	++	-	++	+	±
Commercial development tax	+	++	+	++	+	±
Residential development tax	+	++	+	++	+	±
Per-capita tax from MPO members	+	+	--	+	±	+

Source: Institute of Transportation Studies, Berkeley California (2005).  
 Metropolitan-Level Transportation Funding Sources.  
[http://www.narc.org/uploads/File/Transportation/Library/NCHRP\\_Metro\\_Funding.pdf](http://www.narc.org/uploads/File/Transportation/Library/NCHRP_Metro_Funding.pdf)

# SAMPLE MATRIX 3



Source: American Association of State Highway and Transportation Officials (2014). Matrix of Illustrative Surface Transportation Revenue Options. <http://downloads.transportation.org/TranspoRevenueMatrix2014.pdf>

# CONSIDERATIONS FOR FUNDING SOURCES INFORMATION



- Themes for criteria: efficiency, legality, fairness, political support  
Is anything missing here?
- What is the FWG's initial reaction to the funding matrices?  
What sort of approach would be most useful for you?