



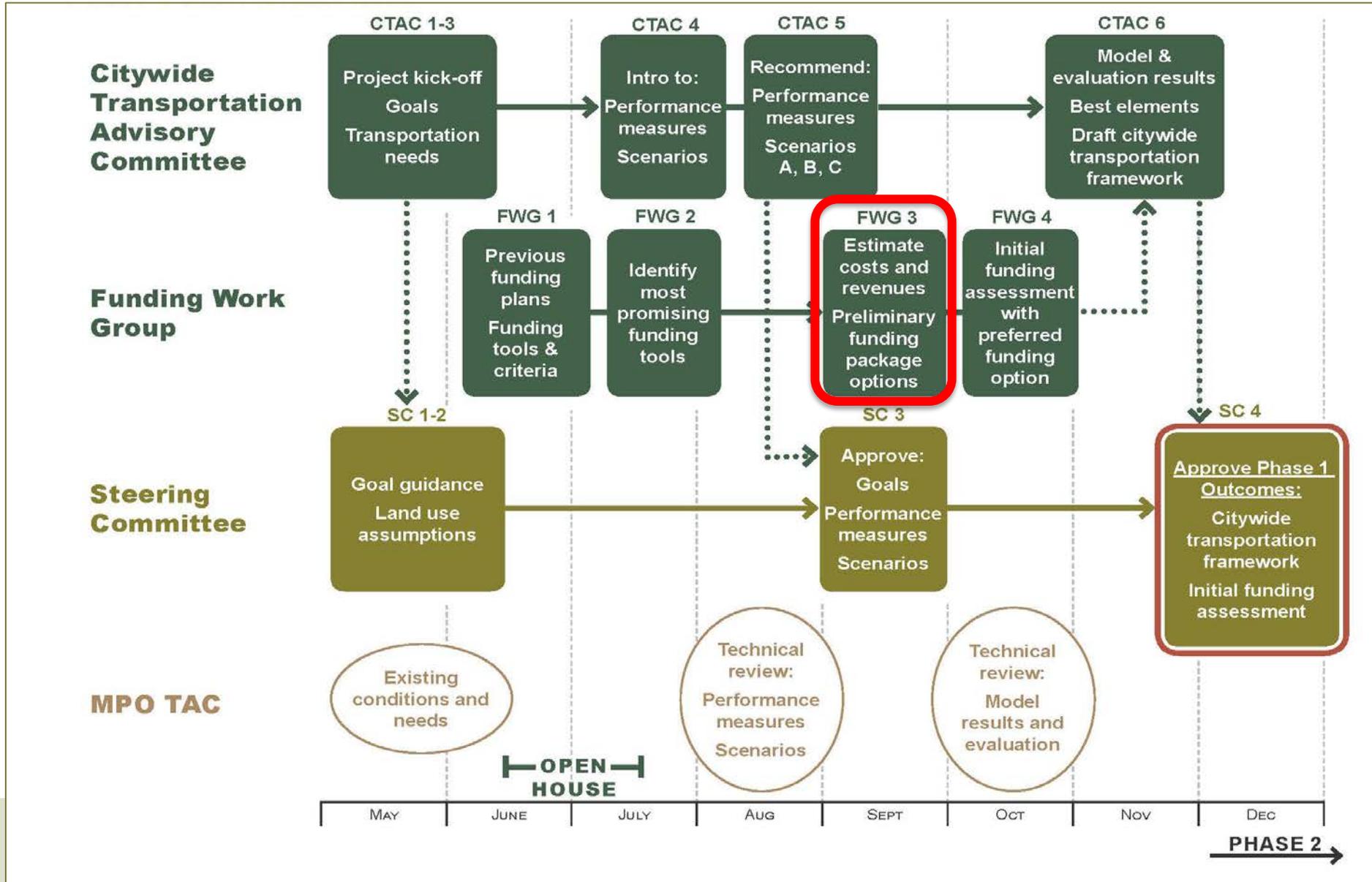
**BEND'S TRANSPORTATION PLAN:
FUNDING WORK GROUP MEETING #3
SEPTEMBER 20, 2018**



Opening items:

- Welcome
- Approval of FWG#2 meeting minutes
- Where we are in the process
- Potential opportunity for public comment

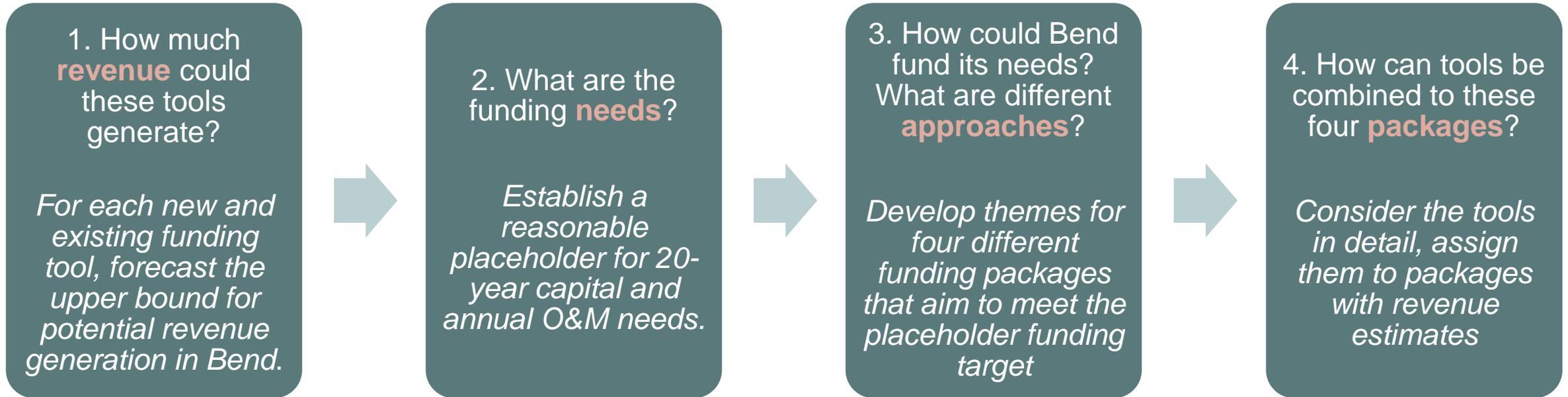
PHASE 1 WORKPLAN





- **Oct 2018:** FWG work so far will be documented in Initial Funding Assessment.
IFA will include Version 1 of the packages and a description of desired modifications or refinements. Will be presented to FWG in October 2018.
- **Nov 2018:** IFA will be discussed with CTAC
- **Dec 2018:** IFA considered for approval at Steering Committee meeting
- **Jan-Mar 2019:** UGB Expansion Area policy: discuss in Jan-March 2019
- **Spring 2019:** CTAC develops projects/priorities in spring 2019
- **Summer 2019:** FWG uses CTAC input to create Version 2 of the funding packages, tailored to specific projects and priorities from CTAC

DEVELOPING FUNDING PACKAGES





1. Users pay

- Uses funding tools linked to transportation usage, impacts, or benefits

2. Simplicity

- Uses as few funding tools as possible; emphasizes a primary funding tool for capital and operations

3. Resilience

- Emphasizes year-to-year stability. Uses tools that do not require renewal and that are less subject to market cycles

4. Balance

- Aims for a balance of multiple funding tools, with all components of the community contributing to costs

1. ESTIMATING POTENTIAL REVENUES

**HOW MUCH CAN EXISTING SOURCES GENERATE?
HOW MUCH CAN NEW TOOLS GENERATE?**

FUNDING TOOLS SHORT-LISTED AT FWG 2



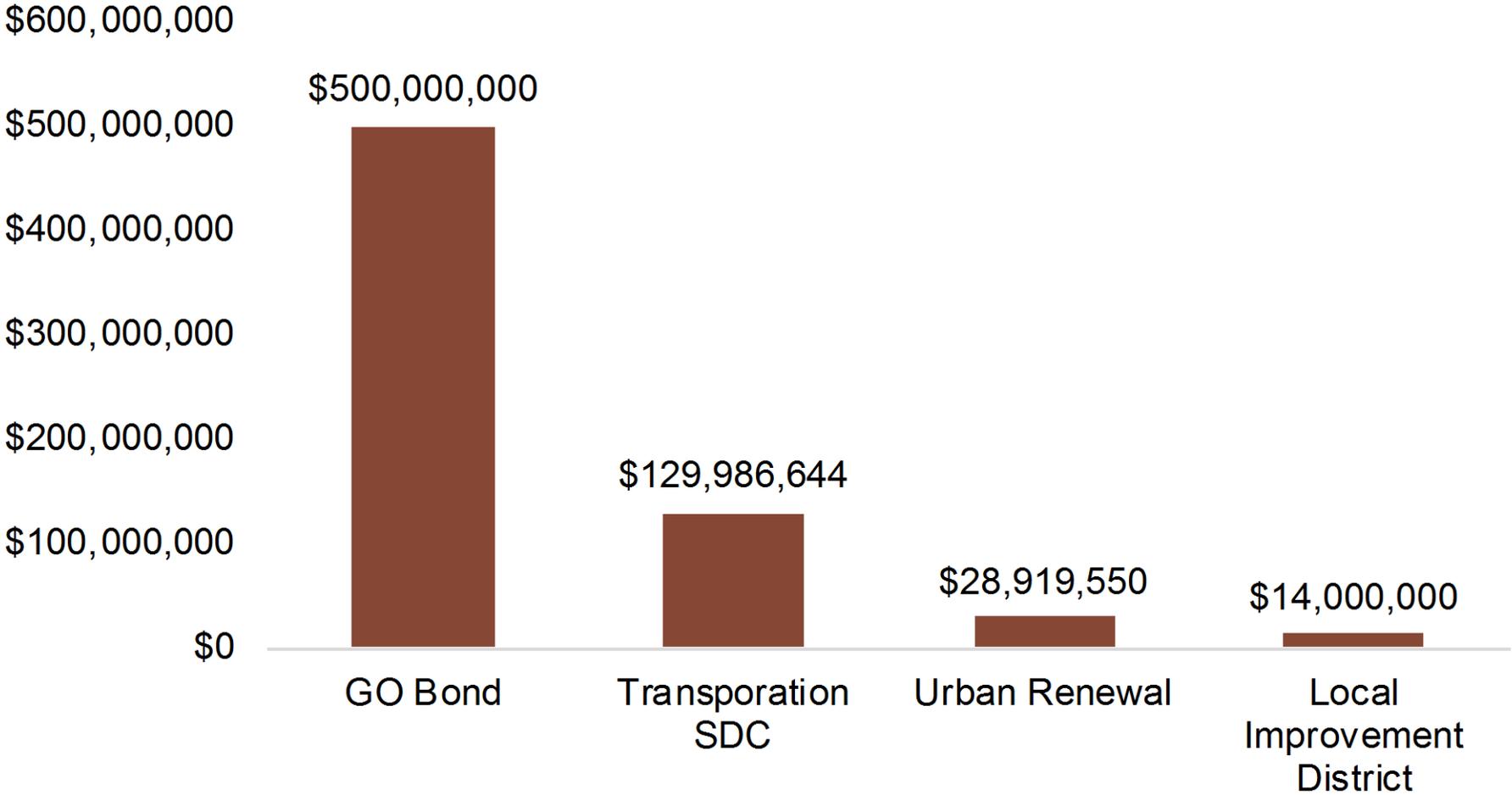
- **Capital:**

- GO bond
- Urban renewal
- LID
- Transportation SDC

- **O&M:**

- Transportation utility fee
- County vehicle registration fee
- Seasonal fuel tax
- Targeted sales tax
- Local option levy
(if combined with GO bond)

MAX. REVENUE CAPACITY FOR CAPITAL FUNDING TOOLS



1. ESTIMATING POTENTIAL REVENUES



Figure 13. 2020-2040 Estimated maximum revenue potential from **tools that can only be used for capital projects**, 2018 dollars

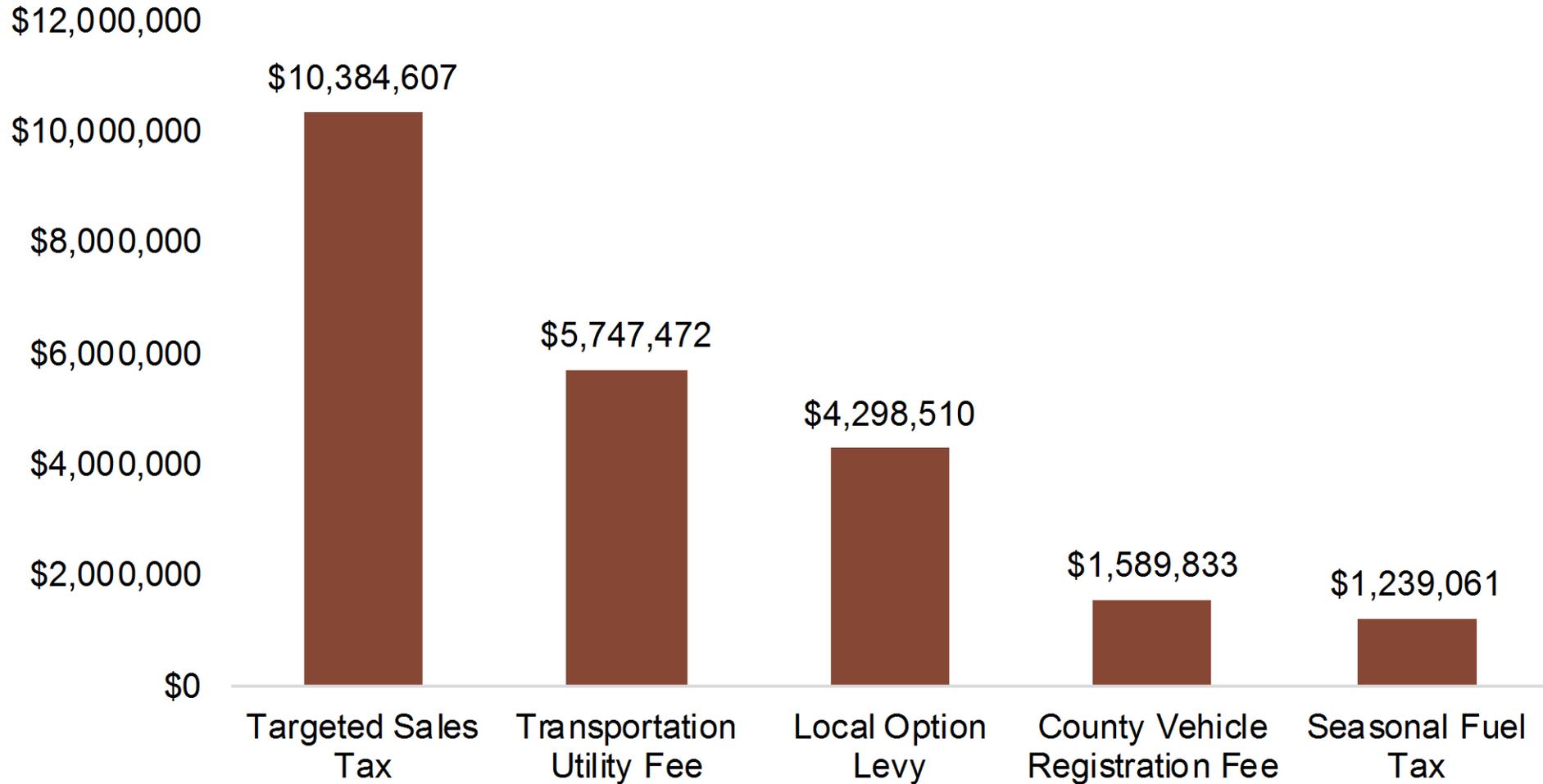
	Revenue potential over 2020-2040, 2018 dollars	Rates and Key Assumptions	Notes
Increased Transportation SDCs	\$129,986,644 in additional funding	Cost per peak-hour trip: \$10,904. This is the maximum rate allowed under the current methodology. The current TSDC is \$6,800.	Can only be used for capital improvements on the TSDC project list
Urban Renewal	\$28,919,550	Based on combined revenue from Central District Plus and KorPine Plus study areas evaluated in 2017 pre-feasibility study. Assumes one-third of revenue will be used for TSP projects	Can only be used for capital improvements within URA boundary. Estimates will be revised in 2019 as part of feasibility study.
Local Improvement Districts	\$14,000,000	Assumes 2 LIDs created per year, each of which funds \$350,000 in project cost	Estimate is highly speculative. LID creation is dependent on suitable projects and interest from LID property owners.
GO Bond	\$500,000,000	Maximum allowed under statutory cap.	This amount is very high and may not be politically feasible.
Total	\$672,906,194		

Note: this table is in your packet on page 25 of the memo



- For funding sources with legal maximums:
 - Are these appropriate maximums?
 - Does the FWG think a lower limit is more reasonable and politically feasible?
- Any questions/concerns about the methodology?

MAX. REVENUE CAPACITY FOR O&M FUNDING TOOLS



1. ESTIMATING POTENTIAL REVENUES



Figure 14. Estimated annual revenue potential from **tools with annual revenue streams**

	Annual revenue, 2018 dollars	Rates and Key Assumptions	Trend in real dollars over 2020-2040 forecast period
County Vehicle Registration Fee	\$1,589,833	\$43 county fee charged every 2 years (max allowed by state). Assumes 40% of revenue would go to cities, and city revenue split would be determined by number of vehicles	Decreasing. Max rate is set at state level and not automatically indexed to inflation.
Prepared Food Sales Tax	\$10,384,607	5% tax on prepared food and beverages	Increasing. Because tax is a percent, it captures inflation. Net sales should increase as population and tourism grow.
Local Option Levy	\$4,298,510	\$0.40 per 1,000 of AV	Increasing. New construction will increase Bend's tax base.
Transportation Utility Fee	\$5,747,472	\$10 per month per household. \$2 per month per employee.	Increasing, assuming that rate is indexed to inflation.
Seasonal Fuels Tax	\$1,239,061	Off season: \$0.01 per gallon Shoulder season: \$0.03 per gallon Peak season: \$0.05 per gallon	Stable, per ODOT forecasts. Population is growing, but so is fuel efficiency.
Total	\$23,259,483		

Note: this table is in your packet on page 26 of the memo



- For funding sources with legal maximums:
 - Are these appropriate maximums?
 - Does the FWG think a lower limit is more reasonable and politically feasible?

- Any questions/concerns about the methodology?

1. ESTIMATING POTENTIAL REVENUES



Capital:

Revenue projections for existing funding tools, 2020-2040*

- Estimated at **\$150 million total**
- Includes federal sources, TSDCs, and utility franchise fees (\$28.6 million)
- Will be refined for the IFA

O&M:

Revenue projections for existing funding tools, annual*

- Estimated at **\$8 million per year**
- Includes State Highway Fund (\$6 million) and other funds collected by the City of Bend (\$2 million)
- Will be refined for the IFA

2. ESTABLISHING PLACEHOLDER FUNDING NEEDS

**CAPITAL NEEDS
OPERATIONS AND MAINTENANCE NEEDS**

2. ESTABLISHING PLACEHOLDER FUNDING NEEDS



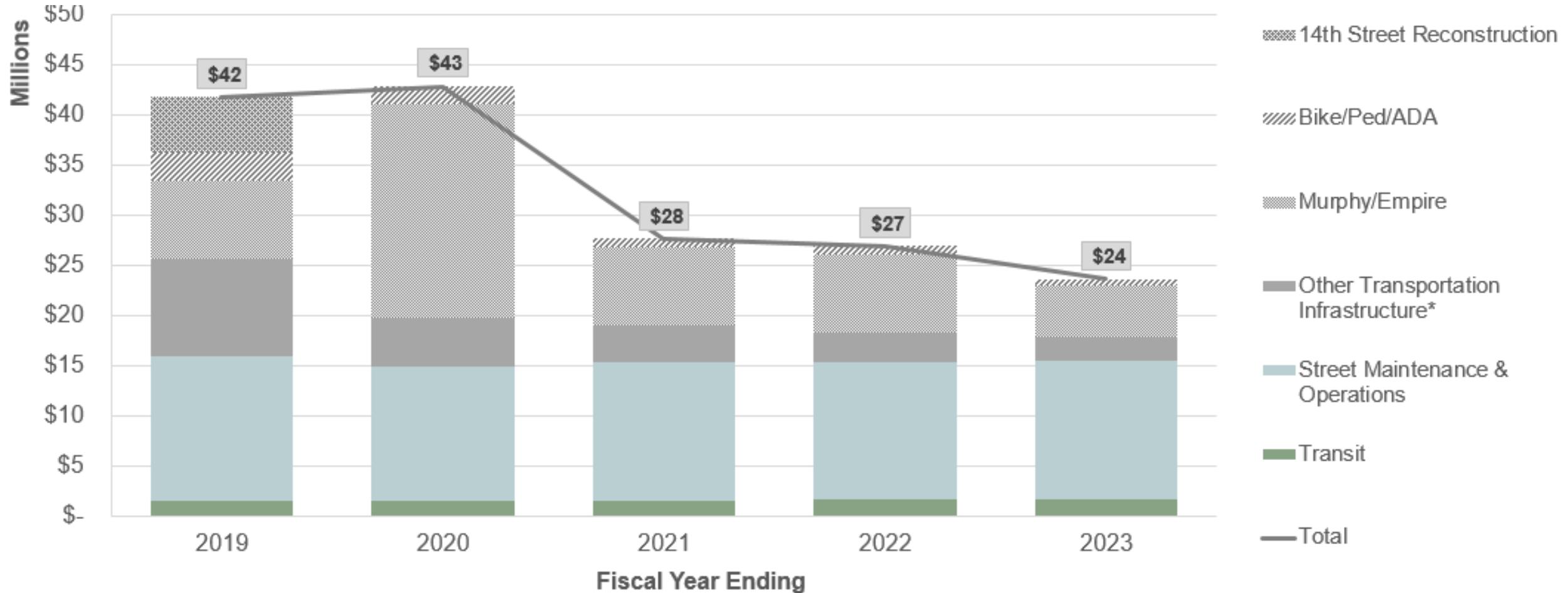
Capital: 20-year needs

- Estimated at **\$450 million**
- Includes: most recent cost estimates for the MTP fiscally-constrained plan, the SDC project list, Deschutes County ITS, unfunded maintenance needs that have turned into capital projects
- Does not include: **\$150 million** in UGB expansion area projects, based on current policy language. The FWG will revisit this in winter/spring 2019.

O&M: Annual needs

- Estimated at **\$10 million**
- 11-year average annual spending (FYE 2007-2017) was \$8.6 million. We rounded up to **\$10 million** to account for new capital and historic underfunding.
- Does not include: bridge maintenance, signal program, signage maintenance, improvements to overhead lighting, striping/pavement markings, sidewalk program

PROJECTED ALLOCATION OF REVENUE SOURCES



* Includes Operating Costs for Transportation & Accessibility Construction Funds as well as expenditures on possible grant matches and contributions for joint projects in fiscal year 2018-2019

3. DEVELOPING FUNDING PACKAGE “THEMES”

3. DEVELOPING FUNDING PACKAGE “THEMES”



1. Users pay

- Uses funding tools linked to transportation usage, impacts, or benefits

2. Simplicity

- Uses as few funding tools as possible; emphasizes a primary funding tool for capital and operations

3. Resilience

- Emphasizes year-to-year stability. Uses tools that do not require renewal and that are less subject to market cycles

4. Balance

- Aims for a balance of multiple funding tools, with all components of the community contributing to costs

4. POPULATING THE FUNDING PACKAGES

**COMBINING FUNDING TOOLS TO MEET PLACEHOLDER
TARGETS FOR EACH PACKAGE**

4. POPULATING THE FUNDING PACKAGES

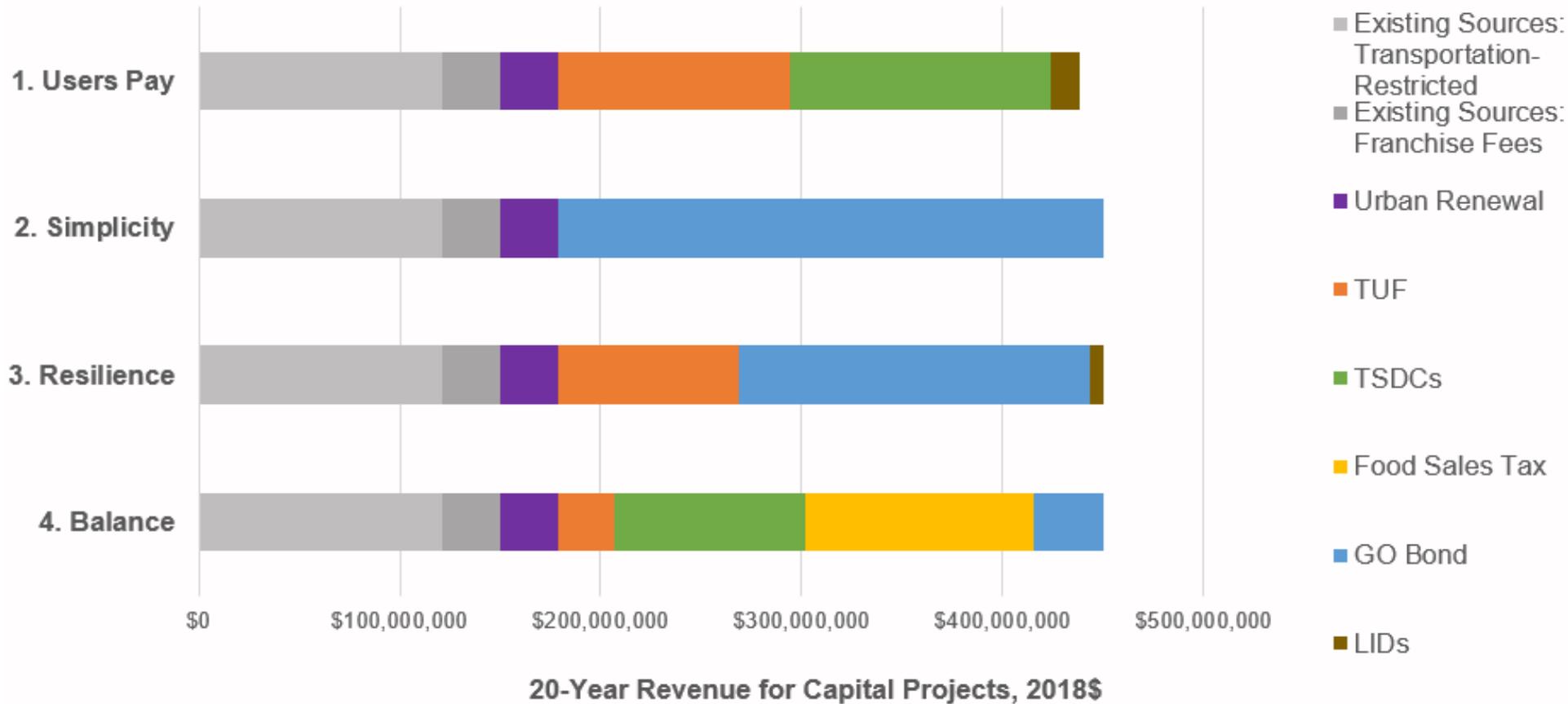


Funding package	TSDCs	LIDs	Urban renewal	Fuel tax (possibly seasonal)	Targeted sales tax	GO bond	County vehicle registration fee	Local option levy	TUF	Existing sources
1. Users pay	✓	✓	✓	✓			✓		✓	✓
2. Simplicity			✓			✓		✓		✓
3. Resilience		✓	✓			✓	✓		✓	✓
4. Balance	✓		✓	✓	✓	✓			✓	✓

4. POPULATING THE FUNDING PACKAGES



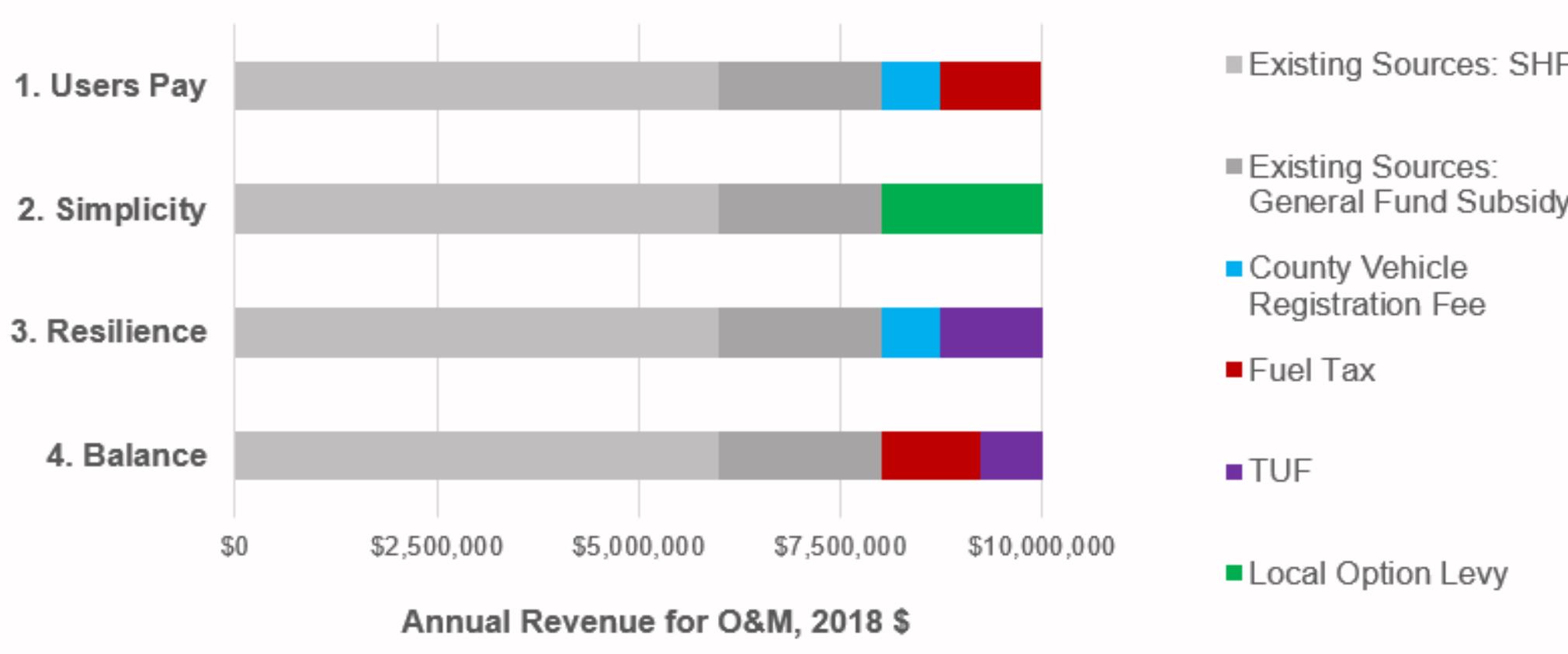
Capital funding in each package (Figure 3)



4. POPULATING THE FUNDING PACKAGES



Annual O&M funding in each package (Figure 4)

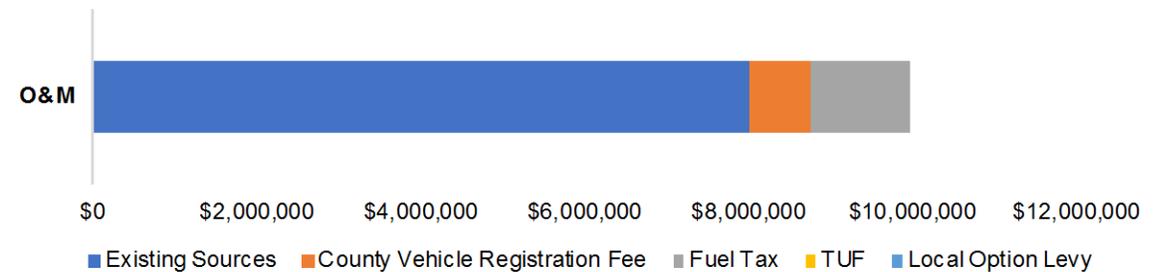
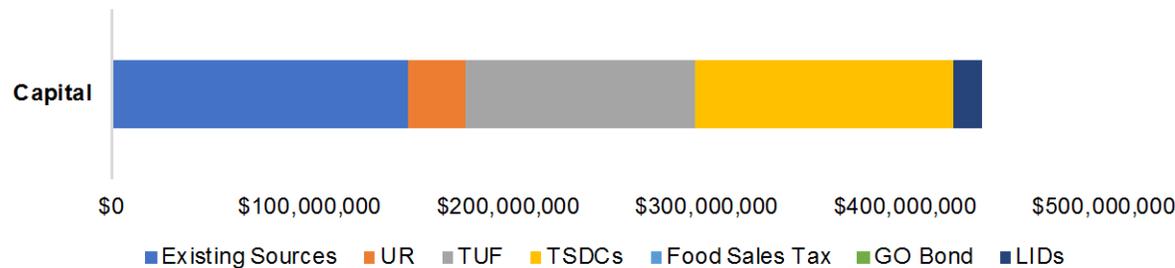


PACKAGE 1: USERS PAY



	Capital	O&M	How much of total capacity is used?
LID	X		100%
TSDCs	X		100%
TUF	X		100%
UR	X		100%
Fuel Tax		X	100%
VRF		X	47%

- Advantages:
 - Only package without a GO Bond
 - Substantial flexibility and capacity for smaller roadway capital projects
- Risks:
 - Assumes TSDCs are increased to max.
 - VRF is potentially politically infeasible
 - TUF may be administratively burdensome
 - May require revenue bond for larger capital projects

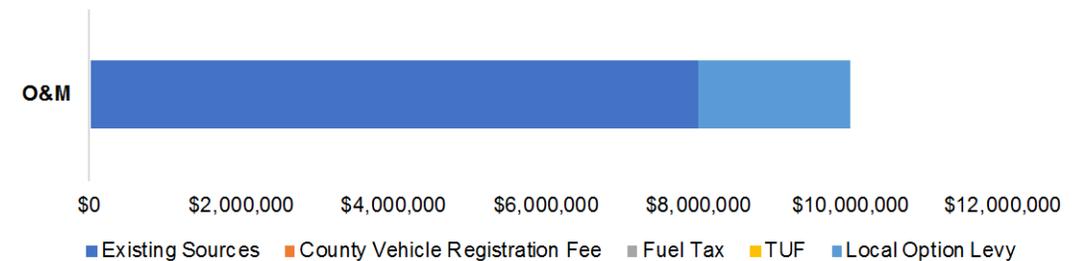
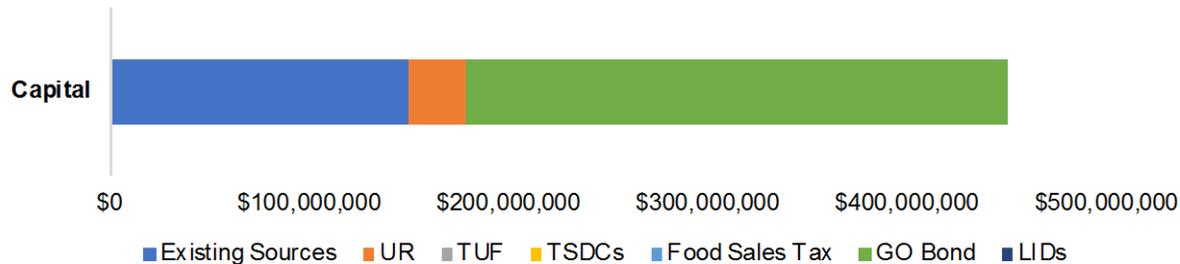


PACKAGE 2: SIMPLICITY



	Capital	O&M	How much of total capacity is used?
GO Bond	X		54%
UR	X		100%
Local Option		X	47%

- Advantages:
 - Performs well from financial perspective
 - Capital tools are complimentary
- Risks:
 - Go bond and Local option levy require public votes
 - Higher Go Bond = Higher Property Taxes
 - Local option levy cannot exceed five years and is subject to compression

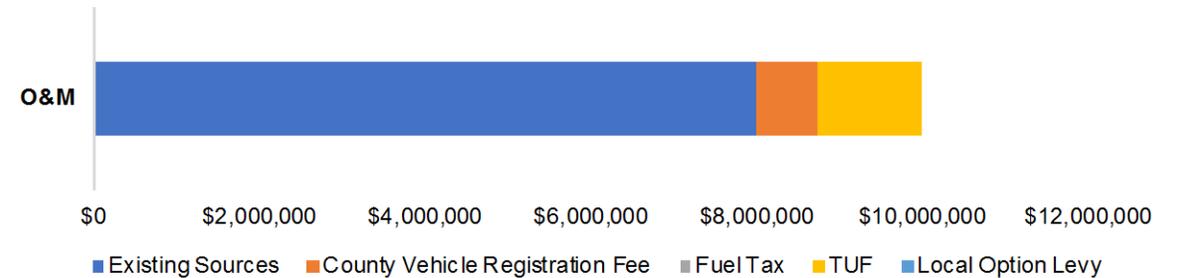
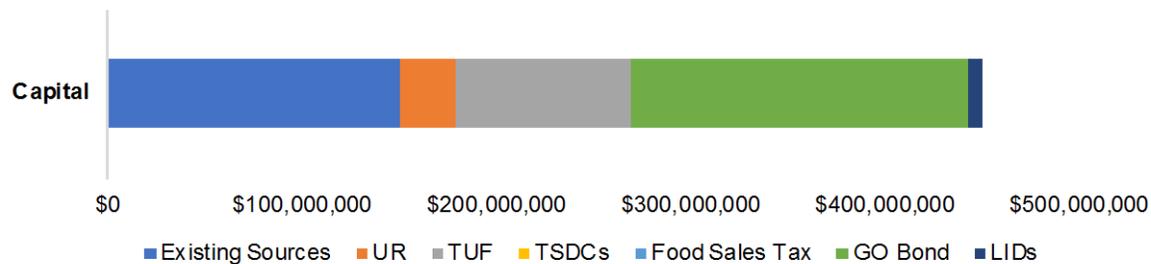


PACKAGE 3: RESILIENCE



	Capital	O&M	How much of total capacity is used?
GO Bond	X		35%
TUF	X		100%
LID	X		50%
UR	X		100%
VRF		X	47%
TUF		X	100%

- Advantages:
 - Year to year stability
 - Tools are less subject to market cycles
- Risks:
 - VRF is potentially politically infeasible
 - TUF may be administratively burdensome

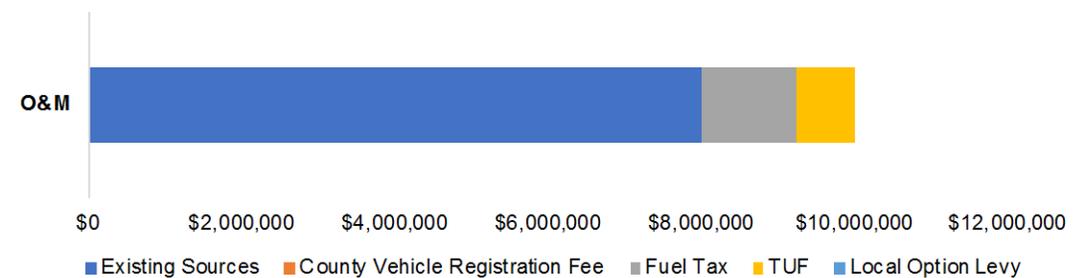
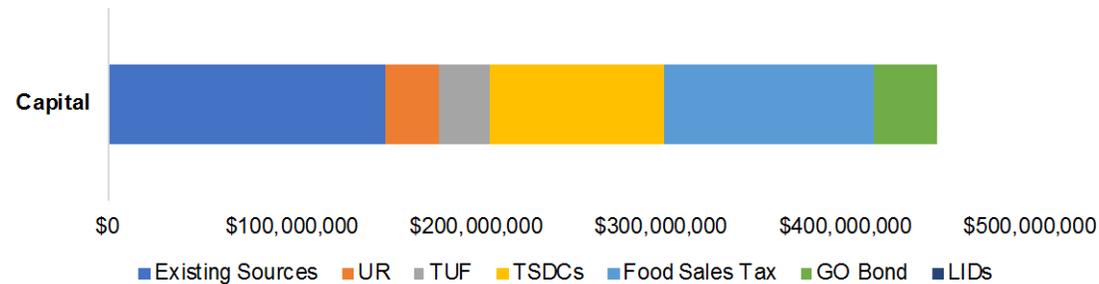


PACKAGE 4: BALANCE



	Capital	O&M	How much of total capacity is used?
Sales Tax	X		40%
TSDCs	X		73%
TUF	X		38%
GO Bond	X		7%
UR	X		100%
Fuel Tax		X	100%
TUF		X	38%

- Advantages:
 - Tools are highly flexible with ability to fund larger and smaller projects and programs, particularly the targeted sales tax
 - Tools offer ability to export some tax burden onto tourists
- Risks:
 - Many tools makes it less politically feasible to implement
 - Assumes substantial increase in TSDCs
 - TUF may be administratively burdensome



DISCUSSION QUESTIONS

DISCUSSION QUESTIONS



- What are your initial reactions to the funding packages? Likes/dislikes?
- What elements of these funding packages do you want to see as part of the IFA? Why? Are there modifications you would like to see to make these more reasonable?
- What elements do you **not** want to see included in the IFA? Why not?
- What are the **high-level funding strategies** that should be included in the IFA?



- **Oct 2018:** FWG work so far will be documented in Initial Funding Assessment. IFA will include Version 1 of the packages and a description of desired modifications or refinements. Will be presented to FWG in October 2018.
- **Nov 2018:** IFA will be discussed with CTAC
- **Jan-Mar 2019:** UGB Expansion Area policy: discuss in Jan-March 2019
- **Spring 2019:** CTAC develops projects/priorities in spring 2019
- **Summer 2019:** FWG uses CTAC input to create Version 2 of the funding packages, tailored to specific projects and priorities from CTAC

NEXT STEPS

