FINANCIAL PLAN

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INTRODUCTION

The State Transportation Planning Rule (TPR) requires each Transportation System Plan (TSP) to include a financing program. This financial plan is designed to meet the State requirements for a financing program, as well as to establish a financial framework for making investment choices in the City's transportation system over the next 20 years.

The financial plan estimates the fiscal requirements to support the land uses in Portland's Comprehensive Plan, and allows jurisdictions to assess the adequacy of existing and possible alternative funding mechanisms to build the transportation system. As required by the TPR, the financial plan is linked with the TSP's transportation system improvements (identified in Chapter 3), which include planned transportation projects along with the general timing, rough cost estimate, and service provider for each project. According to the TPR, however, anticipated project timing and financing provisions, however, are not considered land use decisions.

In addition to the State requirements, the TSP financial plan is based on other elective principles. For example, it recognizes that agency partnerships are often required to fund transportation improvements. Coordination among the Portland Office of Transportation (PDOT), Metro, the Oregon Department of Transportation (ODOT), Tri-Met, the Port of Portland, and the Portland Development Commission (PDC) is essential to successfully implement the TSP.

The TSP financial plan also presents various financial scenarios that respond to a reasonable range of existing and potential new revenue sources and funding capacities. These scenarios provide a context for choices among the types and number of transportation improvements that may be implemented over the 20-year timeframe of the TSP.

Another principle guiding the financial plan is the importance of maintenance and system operations needs as well as capital improvement planning. Stewardship is one of the TSP's themes. Stewardship means proactive management of Portland's transportation system through the efficient use of resources, non-capital solutions to transportation needs, and innovative approaches to infrastructure management.

The City's current transportation investment is approximately $5.5 billion of assets (based on replacement costs), including streets, sidewalks, bridges, traffic signals, and streetlights. Most of the State TSP requirements focus on issues of urban growth and system expansion. It is also important, however, to recognize that expanding the transportation system presents long-term fiduciary responsibilities for local governments.

THE ROLE OF THE REGIONAL PLANNING AGENCY

To set the context for the TSP financial plan, it is useful to review the role of the regional planning agency in distributing federal and State transportation funds. As a condition for receiving federal capital and operating assistance, the Federal Highway Administration (FHA) and Federal Transit Administration (FTA) jointly require each urbanized area to have

a transportation planning process that results in a regional transportation plan consistent with the area's planned development. Metro is designated by the Governor as the metropolitan planning organization (MPO) to carry out the federal transportation and related air quality planning requirements, in cooperation with ODOT and Tri-Met.

Metro Authority for Transportation Planning

Metro has legislative authority for urban transportation planning from three primary sources:

- Title 23 (Highways) and Title 49 (Transportation) Code of Federal Regulations
- Oregon Revised Statutes – Chapter 268
- Metro Charter

In accordance with these requirements, Metro must has adopted a long-term Regional Transportation Plan (RTP). The RTP guides and coordinates the combined efforts of jurisdictions and agencies responsible for the region's roadway and transit facilities. Financing for transportation facilities and services is complex, comprising a number of single-purpose sources of local funds, dedicated State and local roadway and transit taxes, and a number of federal roadway and transit funding programs.

(Chapter 7: Background, contains additional information about Metro's role in the development and review of the City's TSP.)

The Regional Transportation Plan as a Basis for Financial Planning

Pursuant to federal planning regulations, metropolitan long-range plans such as Metro's RTP must include a financial plan that demonstrates the consistency of proposed transportation investments with available and projected sources of revenue. The financial plan compares the estimated revenue from existing and proposed funding sources that can reasonably be expected to be available for transportation uses, and the estimated costs of constructing, maintaining, and operating the total transportation system (existing plus planned) over the 20-year period of the plan.

The RTP ensures geographic consistency within the regional transportation system; multimodal coordination in efficient and cost-effective combinations of transportation investments; land use interrelationships among cities and counties within the transportation system; and cost-effective financing to address the growing travel demand in the region. The RTP establishes a unified policy direction for the federally funded transportation system and recommends a balanced program of highway, transit, and demand management programs to implement that policy direction.

Financially Constrained System

The financially constrained system is the RTP's federally recognized system of planned transportation improvements and financial plan assumptions. This system is limited to projects and programs that can be funded by current sources of revenue and new sources of revenue that can be reasonably expected to be available during the 20-year period. The

revenue sources may include assumptions about current and future federal and State funds, as well as locally generated revenues that support projects identified in the regional system.

The financially constrained system is the basis for various federal requirements and regulations. It is used to evaluate compliance with air quality standards established by the Clean Air Act Amendments of 1990. Metropolitan areas that do not meet air quality standards may face sanctions, including potential loss of federal highway funds and limits on industrial expansion. The Metro RTP has been demonstrated to conform with the Clean Air Act.

Projects must be identified in the RTP's financially constrained system to be eligible for federal funding through the Metropolitan Transportation Improvement Program (MTIP, discussed below under Federal Funding sources).

The RTP has found that the revenue amounts assumed for the financially constrained system are not adequate to meet the region's 20-year transportation needs. Analysis of that system shows that unacceptable levels of congestion will occur over time and that it will not be possible to provide or maintain the access requirements of industrial areas and accommodate the growth expected in centers. For this reason, the RTP priority system was created.

The priority system includes more projects than the financially constrained system, with increased revenue requirements to support the additional projects. The RTP does not consider the priority system to be the full set of the region's transportation needs. Given revenue limitations, however, the priority system addresses the highest-priority needs with a potentially attainable increase in revenues (compared to the preferred system, discussed below). Funding the priority system will still require a substantial increase in revenues compared to existing resources.

The priority system serves an important role as part of the RTP that demonstrates compliance with TPR requirements for a regional TSP. Metro and the State have determined that the priority system fulfills the TPR requirement to identify an adequate system of transportation improvements that meet adopted performance measures. The priority system must also be incorporated into local transportation system plans to demonstrate their consistency with the regional plan.

Projects listed in the priority system cannot be funded through the MTIP unless they are also listed on the financially constrained system. The priority system list serves as a source of future projects to be added to the financially constrained system as part of future RTP updates.

Preferred System

The RTP defines the preferred system as the complete set of improvements needed to fully implement the 2040 Growth Concept during the 20-year planning period and accommodate the forecasted regional growth. In some cases, this system includes placeholder projects, where a transportation need has been identified, but more analysis is needed to determine specific projects to meet that need.

The cost of building the preferred system greatly exceeds existing and reasonable expectations of revenue capacities. As with the priority system, preferred system projects cannot be funded through the MTIP unless they are also listed on the financially constrained system.

TRANSPORTATION FUNDING PROGRAMS

Federal Funding Sources

In accordance with the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, the Transportation Equity Act for the 21st Century (TEA-21) of 1998, and other federal legislation, Metro distributes most federal funds. As the federally designated MPO for the Portland urban region, Metro is required to establish both an RTP and a Metropolitan Transportation Improvement Program (MTIP). The RTP provides the policy basis for system planning and prioritization of transportation projects in the region. The MTIP directs allocation of federal funds over four-year time periods, with updates every two years. The MTIP must contain projects that are consistent with the RTP.

The RTP must identify a list of projects considered to be candidates for funding under a financially constrained assumption of revenues. This list is limited to projects and programs that can be funded by current funding sources and new sources of revenue that can reasonably be expected to be available during the 20-year plan period. Revenue assumptions for local transportation system plans may include scenarios of additional new sources beyond those contained within the RTP's financially constrained system.

Highway Trust Fund

Congress provides Highway Trust Fund revenues for road-related projects through the Federal Highway Administration (FHWA), to ODOT and then to Metro. Congress provides Highway Trust Fund revenues for transit-related projects through the Federal Transit Administration (FTA), to Tri-Met and to Metro. Federal gas tax and various truck taxes are the primary sources of these funds. The Highway Trust Fund is the primary source of federal transportation revenues to local jurisdictions, as distributed through the MTIP.

Some of these revenues are limited to a particular purpose, such as bridge replacement. Most of the funds, however are flexible and can be spent on roads, bikeways, sidewalks, transit capital, transportation system management or transportation demand management and air quality programs.

The RTP estimates that approximately $874 million of Highway Trust Fund money will be allocated to the Metro region during the next 20 years.

Federal Categorical Funds

The Federal Trust Fund comprises various programs for specific purposes. Surface Transportation Program (STP) funds are very flexible and may be applied toward nearly any transportation project or program. Congestion Management/Air Quality (CMAQ) funds support alternative mode projects and demand management programs.

Enhancement Funds are limited to various activities that reduce reliance on the single occupant vehicle (SOV), right-of-way preservation, historic preservation, and environmental mitigation for transportation projects. Demonstration Funds are for specific projects designated directly by Congress. Funds are also available for bridge and safety projects. Borders and Corridors, a new federal category, funds large-scale projects vital to economic trade.

The FTA provides Transit Formula Funds for transit capital purchases such as buses and maintenance facilities. Transit Discretionary Funds are for major new transit capital projects. In the Portland region, Transit Discretionary Funds have been used primarily to provide the federal portion of capital cost construction of the regional light rail system.

State Funding Sources

In accordance with State statutes, the Oregon Transportation Commission (OTC) distributes State revenues for transportation projects from the State Highway Trust Fund. The fund derives its revenues from the statewide gas tax, vehicle registration fees, and the truck weight/mile tax. Use of trust fund monies is limited to road and bridge construction and maintenance, and preservation of the existing transportation system.

Statewide Transportation Improvement Program

The Statewide Transportation Improvement Program (STIP) is a four-year construction program that fulfills federal TEA-21 requirements. It comprises projects that use various federal and State funding programs, and includes projects on the State, City, and county transportation systems, as well as projects in the national parks, national forests, and Indian reservations in the State. ODOT must include the MTIP in its STIP without change. The Governor is designated to resolve any disagreements between Metro's MTIP and ODOT's STIP.

The STIP is a project scheduling and funding document, rather than a planning document. Projects are identified through various planning processes. The Oregon Transportation Plan (OTP) is the State transportation policy plan that addresses all modes of transportation. It provides overall direction for the allocation of resources; coordination of the different modes of transportation; the relationship of transportation to land use, livability, economic opportunity, the environment, and energy usage; public involvement in transportation planning; coordination with local governments and other agencies; and transportation financing. TSPs do the same on the local level.

Traditional Levels of State Funding

Oregon has the lowest combined motor vehicle tax structure in the western United States. Only 8 percent of State Highway Trust Fund revenues are dedicated to projects that modernize highways. To stabilize the declining conditions of pavement and bridges statewide, the State's funding priorities are for operations and maintenance. This focus on preserving existing infrastructure has reduced funding for modernization projects to the minimum allowed by law. This amounts to about $51 million statewide in 2001. In the Portland metropolitan region, ODOT will spend only $12.7 million for modernization

projects. (These figures describe conditions before the Oregon Transportation Investment Act was enacted, as described below.)

Oregon Transportation Investment Act

The Oregon Transportation Investment Act (OTIA) of 2001 provides additional revenue for modernization and preservation projects statewide. The OTIA increases fees on vehicle title transfers and is expected to raise about $71.2 million each biennium. It authorizes ODOT to sell $400 million in bonds backed by these new revenues. The OTC allocates funding to specific projects, based on screening criteria and prioritization factors. The OTC requests input from Metro's Joint Policy Advisory committee on Transportation (JPACT) regarding regional priorities.

Approximately half of the program, or $200 million, is provided statewide for pavement preservation projects and bridge replacement/rehabilitation projects. Local bridges in Portland may qualify for funding through OTIA, but must compete with State bridges and other local bridges based on a technical ranking system. Preservation projects are limited primarily to ODOT district highways. In Portland, these would include Sandy Boulevard, 82nd Avenue, Powell Boulevard, Macadam Avenue, Lombard Street, and Martin Luther King, Jr. Boulevard. Priority is assigned to projects that facilitate jurisdictional transfer to local government. It is expected that OTIA preservation funds will provide the primary funding for a segment of Sandy Boulevard in the Hollywood area and two or three bridges.

Another $200 million is allocated to modernization projects statewide. ODOT Region 1 (which includes the Portland metropolitan area) is expected to receive about $70 million. The criteria for these projects emphasize capacity improvements that demonstrate "readiness"--i.e., project designs and environmental processes are complete or not expected to cause delays. It is expected that OTIA modernization funds will partly fund the East End Columbia/Lombard Connector project.

Current Local Funding Sources

Existing local funding sources for developing the TSP financial plan include general transportation revenues, urban renewal funds, system development charges, Port of Portland funds, local improvement districts (LIDs) and permit fees. Potential new or additional revenues may include a street user fee or transportation utility fee, a new regional revenue source, or increases in gas tax revenues or other existing revenue sources.

Revenue assumptions in the TSP must be broadly consistent with those in the RTP, particularly concerning transportation revenues distributed through Metro. The TSP may also include revenue assumptions for local transportation funding mechanisms.

General Transportation Revenues

General transportation revenues (GTR) come primarily from State gas tax and vehicle registration distributions and local parking fee revenues. GTR is a flexible funding source that may be applied to a wide range of capital improvement projects, maintenance activities, and operating expenses. Nearly all other local funding sources have some sort of dedicated restrictions for their expenditures, and are typically limited by project purpose, scale, timing,

or location. Its flexibility makes GTR the most useful funding source for implementing TSP policy goals. GTR funding allows projects to be selected to meet a specific unmet need or a broad range of benchmarks. GTR also allows for flexibility in matching federal or State funds or leveraging projects of opportunity.

Many forums and sources have documented the problems with relying on GTR for capital or maintenance needs. The basic problem is that the gas tax has not increased since 1993, while vehicle –miles traveled in the metropolitan area have increased by 40 percent since 1980. Partly because of improved vehicle fuel efficiency, motorists now pay about half as much gas tax per mile as they did in 1972. Without periodic gas tax rate increases, real tax revenues have also been reduced by inflation over time. Over the past five years, gas tax revenue has dropped 7 percent compared to the consumer price index.

The TSP financial scenarios (discussed later in this chapter) assume three alternative levels of GTR revenue capacities.

Urban Renewal Funds

Portland voters created PDC as an urban renewal agency in 1958. PDC's purpose is to deliver projects and programs in selected areas of the City to achieve housing, economic development, and redevelopment goals. Each designated urban renewal district has a plan that defines projects or programs needed to help the district achieve its long-term land use goals. Many urban renewal districts are located within key 2040 Growth Concept areas, such as the Central City, regional centers, town centers, main streets and industrial areas.

A tax increment financing mechanism is used to create urban renewal funds. Basically, the growth in property tax revenues generated within an urban renewal district is used to secure bonds to finance projects and programs within that district. Each urban renewal plan area includes many transportation projects and programs, which have been incorporated into the TSP's list of transportation system improvements. Funds generated within each district must be spent within that district and are not available to finance TSP projects outside the district. Potential urban renewal funds available for TSP transportation improvements can be estimated from PDC's Five-Year Business Plan and projected trends.

System Development Charges

The City adopted a system development charge (SDC) in 1997 as a financing mechanism to help compensate for the traffic impacts created by urban growth. The SDC is applied to capital improvement projects that increase transportation system capacity as necessary to serve new development. The SDC cannot be used to address existing system deficiencies or operating and maintenance activities.

Funds are generated through a one-time fee assessed on new development. The rate that is charged is indexed on the number of vehicle trips the new development creates, based on nationally compiled statistics on traffic generation. SDC rates may be reduced for transit-oriented developments, certain minimum housing densities, development along transit lines, and low-income housing. Credits may be applied toward elective or required construction of arterial improvements greater than the share of the new development's impact.

In accordance with State law, SDC funds may be applied only to an established list of capital improvement projects, which in Portland is 36 projects citywide. These projects are incorporated into the TSP's list of transportation system improvements. The SDC alone is not expected to fully fund construction of any of the qualifying projects; additional matching funds will be required. The current estimated cost of the listed SDC projects is approximately $95.9 million, with SDC funds contributing an estimated $64.2 million.

The projects eligible for SDC funding are considered a high priority because of the funding commitments made by ordinance. SDC funds are restricted to the established SDC projects list and are not available for other TSP projects. The SDC ordinance and program expires in 10 years (2007) unless City Council reissues it. The projected revenue identified in the SDC ordinance, as adjusted by actual receipts and trends, may be used to estimate potential SDC funds available for TSP transportation improvements.

Port of Portland Funds

The Port of Portland is a transportation agency within the City of Portland that is responsible for providing cost-competitive freight and passenger access to regional, national, and international markets. The Port also owns several thousand acres of industrial and commercial property, operates several marine and aviation terminals, and coordinates its planning activities with truck and rail service providers. These Port facilities and businesses located on Port properties substantially contribute to Portland's employment base and the region's economy. Planning for good multimodal access to these terminals and properties is an important objective of Portland's TSP.

The Port produces a Port Transportation Improvement Program (PTIP) that identifies a list of 5-, 10-, and 20-year transportation system investments that provide access to existing and expanding Port facilities and property developments. Projects and information contained in the PTIP is coordinated with Metro's MTIP, and relevant projects are incorporated into the TSP's list of transportation system improvements.

The Port generates its funds through passenger facility charges, parking revenues, and lease revenues. Port funds may be spent only for projects and services on or serving Port property and are therefore not available for other TSP projects citywide. Port funds leverage private investments in transportation improvements and are combined with City, State, and federal funds to support projects identified in the PTIP. The projected revenue sources identified in the PTIP, and the RTP financially constrained revenue assumptions, can be used to estimate potential Port funds available for TSP transportation improvements.

Local Improvement Districts

Property owners can use local improvement districts (LIDs) to initiate construction of street improvements. LID participants are eligible to finance the completed improvements for periods of up to 20 years. Interest rates the City offers through tax-exempt bonds are typically lower than conventional alternatives. Assessments are secured by property liens. A variety of assessment formulas are used. The assessed properties must receive benefit from the improvement, and the assessment formula must be equitable.

State law and City code govern the formation of LIDs, the assessment methodology, and other factors. LIDs are usually funded by the participants, but may also be combined with

other project funding sources to leverage available resources. Examples of LID projects include the Central City streetcar and the Lower Albina overcrossing. LIDs can be formed only for capital improvements, not for maintenance. The City accepts maintenance responsibility for streets after they are improved to current City standards.

Because projects vary widely in terms of complexity, cost, and property owners' willingness to pay, historical trends provide only a rough estimate of potential LID funds available for TSP transportation improvements. If potential LID project subsidies became available through a new local revenue source to defray costs, it would be reasonable to assume greater initiation of LIDs citywide. Two of the TSP financial scenarios include an assumption of LID project subsidies, as discussed later in this chapter.

Permits

Private parties build part of Portland's transportation system through the issuance of various street improvement permits. Permits support certain capital programs. The Minor Street Permit Program includes all non-residential projects with construction values less than $25,000, normally including sidewalks and frontage improvements. The Subdivision Street Program includes the construction of local streets in residential subdivisions. The Commercial/Industrial Program includes the local streets serving commercial and industrial land uses. The Substandard Street Program is for construction of streets that incorporate minimum safety features, drainage features, and utilities, and addresses immediate needs rather than long-term street improvement standards.

Permit revenues from each project are applied directly back to that project and are not a funding source for any other capital improvement needs identified in the TSP.

General Fund

Although the City's general fund comprises discretionary revenues, its application toward transportation capital improvements has historically been limited. A substantial majority of general fund revenues is applied toward operating expenses, particularly for public safety purposes (e.g., police and fire protection services). The general fund contributed $5.4 million toward capital projects in fiscal year (FY) 2001-02, with $1.3 million of that amount allocated to transportation capital projects. Over the past several years, the general fund has contributed $500,000 annually toward street lighting capital projects. It is reasonable to assume that general fund support will continue to be available for street lighting projects, but not for other capital improvement needs identified in the TSP.

Potential New Local Funding Sources

The TRP allows and suggests that jurisdictions assess the adequacy of existing revenues to build the transportation system, but also investigate alternative funding mechanisms that may be promising and applicable. In developing the TSP financial plan, potential new local funding sources that were assessed include general obligation bonds, increases in the county gas tax, a City gas tax, a county vehicle registration fee, a City parking tax, and a street utility fee. A special excise tax, an auto sales tax, and a real estate transfer tax were also considered, but rejected as impractical. The financial analysis of the RTP discusses other potential funding mechanisms, but they are intended for regional purposes only.

Each potential new local funding source is described below in terms of its legal framework, revenue use and administration, and estimated revenue potential.

General Obligation Bonds

Legal Framework

General obligation (G. O.) bonds can be used only for capital construction and improvements. Recent limitations exclude their use for anticipated maintenance repairs and for supplies and equipment not intrinsic to the structure. Issuance of G.O. bonds is subject to bonded indebtedness limitations. Voters must approve G.O. bonds.

General obligation bonds approved since the passage of Measure 50 are required to meet the double majority election test: 50% percent of the registered voters must vote, and a majority of those voting must cast a yes ballot. Elections held at a general election, in November of even-numbered years, do not have to meet the double majority test. Measure 50 placed tighter restrictions on the use of unlimited tax general obligation bond proceeds. Equity issues may be raised based on the relatively weak connection between value of property and use of the transportation system.

Revenue Use and Administration

Over the last 10 years, governments within Multnomah County have used G. O. bonds to raise significant revenue for public improvements. Excluding schools and serial levies, 11 local government general obligation bonding efforts succeeded in the Portland region. Unlimited tax general-obligation bonds are relatively easy to administer. Revenue is collected in property tax billings.

Revenue Potential

The Measure 50 voting requirements and the restrictions on the use of proceeds will most likely slow future increases in G.O. bond debt. From 1990 to 1997, 65 percent of the bonded debt measures placed before Multnomah County voters passed. The November 1998 election ballot contained twice as many measures as any other election in the 1990s. Only two of the eight proposals (25 percent) passed.

County Gas Tax

Legal Framework

County gas tax revenues can be used to fund either operating or capital costs. The Oregon Constitution restricts their use to roads and bridges, not transit. Multnomah County currently collects a $.03 per gallon gasoline tax. The Board of County Commissioners could increase this tax through passage of an ordinance, which would be subject to voter referendum.

In general, gas taxes tend to measure demand for use of transportation facilities; the equity of charges is therefore relatively high. However, forecasted increases in fuel efficiency will decrease equity between miles driven and taxes paid. There is also some concern that businesses do not pay their fair share with a local gas tax because they do not pay transportation taxes based on trips generated.

Revenue Use and Administration
The county gas tax generated approximately $7.8 million in FY 1999; every one cent per gallon generates about $2.6 million. Based on the current shared revenue agreement, Portland receives about 80 percent ($6.2 million) and the county receives 20 percent ($1.6 million) of this amount. County gas taxes are collected with the State gas tax and do not require additional administrative efforts.

Revenue Potential
Assuming that Multnomah County drivers do not change their purchasing practices as a result of a localized tax increase, a five-cent increase in Multnomah County's gas tax would generate about $13 million per year. If the current shared revenue agreement remained in effect, Portland would receive $10.4 million (80 percent) and Multnomah County would receive $2.6 million (20 percent). For each one-cent increase, Portland would receive about $2.1 million and Multnomah County would receive about $.5 million. Recent increases in the price of gas have increased resistance to raising gas taxes.

City Gas Tax

Legal Framework
City gas tax revenues can be used to fund either operating or capital costs. The Oregon Constitution restricts their use to roads and bridges. Revenue generated from non-fuel purchases can be used for non-road and bridge purposes.

State statute gives cities the authority to establish a City gas tax. Portland's charter grants the City specific, not general, taxing authority. Portland's specific charter authority does not allow collection of a gas tax without a voter-approved change to the City charter. Portland does have the authority to levy a business license tax on gas stations and truck stops. The tax would require similar businesses to be treated equally.

Gas purchase within the City is closely tied to use of the City's roads and bridges. However, there may be equity issues between residents who purchase their gas from inside versus outside the City, and for Portland gas stations that compete with other cities. Another potential issue is that some businesses may not pay their fair share because the burden is placed on those that buy gas rather than those that generate traffic. Forecasted increases in fuel efficiency will also decrease the relationship between miles driven and taxes paid.

Revenue Use and Administration
Portland businesses currently pay a City of Portland business license fee of 2.2 percent of adjusted net profits, with a minimum fee of $100. Multnomah County's business license fee is 1.45 percent of adjusted net profits. The City currently collects the business license fee for Multnomah County within Portland. A City gas tax could be collected as part of the business license tax system and would not require significant additional administrative efforts.

Revenue Potential
No good forecasts currently exist for the amount of revenue that a Portland gas tax could generate. The tax could be based on gross revenues, including some non-fuel revenues. Recent increases in the price of gas have increased resistance to raising gas taxes.

County Vehicle Registration Fee

Legal Framework

The county vehicle registration fee can be used to fund either operating or capital costs. The State Constitution restricts its use to roads and bridges.

The 1989 Oregon Legislature granted counties the authority to impose a county vehicle registration fee of up to $15 per year. The Board of County Commissioners can increase this tax through passage of an ordinance, which must be submitted to the voters for approval. ODOT collects revenues from registration fee and pays them to the counties that establish the registration fees. The county ordinance provides for payment of at least 40 percent of the money to cities within the county, unless the county and the cities within the county's jurisdiction agree to a different distribution.

In general, vehicle registration fees are generally, but not directly, related to actual transportation system use. For example, an owner of two cars pays twice as much tax as an owner of one, regardless of the number of miles driven. Fees based on trips generated or fuel purchase are more accurate indicators of transportation system use. Another potential issue is that some businesses may not pay their fair share because the burden is placed on those that register vehicles rather than on those that generate traffic.

Revenue Use and Administration

A county vehicle registration fee could be collected as part of the existing collection system for the State vehicle registration fee and would not require additional administrative efforts. Although the distribution of revenue could be negotiated by intergovernmental agreement, Portland would have to share revenues with Multnomah County and other cities.

Revenue Potential

Multnomah County currently has just over 620,000 registered vehicles. Each dollar of a county registration fee would therefore generate about $620,000, minus ODOT's collection costs: $5 generates approximately $3.1 million; $10 generates approximately $6.2 million, and $15 (the limit) generates about $9.3 million. Multnomah County voters narrowly rejected a Multnomah County registration fee in 1998.

City Parking Tax

Legal Framework

A City parking tax can be used to fund either operating or capital costs. Additional legal work would be required to determine if the Oregon Constitution would restrict the use of a City parking tax collected through the business license fee to roads and bridges.

State law does not preclude cities from developing a City parking tax. However, Portland's charter grants the City specific, not general, taxing authority. Portland's specific charter authority does allow Portland to collect a parking tax without a voter-approved change to the City charter. Portland does have the authority to levy a business license tax on businesses, based on available parking. The tax would need to be structured so it treats similar businesses equally. For example, findings that show businesses are dependent on and benefit from the transportation system could support the additional business license tax on parking.

In general, parking spaces are a relatively weak measure of transportation system use. For example, a church with a parking lot used once a week would pay as much as a business that uses its parking spaces every day. In addition, if the tax is applied to non-paid parking, it would be extremely difficult to identify parking spaces for some business and residential properties. Restricting the parking tax to paid parking structures (garages and surface lots) would create significant equity issues.

Revenue Use and Administration
There would be substantial administrative costs if the new fee were applied beyond paid parking. A citywide database of parking for all properties would be needed. Once the database was developed, the City parking tax could be collected with the business license tax and would not require significant additional administrative effort. The City currently collects the business license fee for Multnomah County within Portland.

Revenue Potential
PDOT currently has insufficient data for a detailed analysis of the revenue that could be generated from a citywide parking tax. The revenue would be significantly reduced if the fee were applied only to paid parking garages and lots.

Street Utility Fee

Legal Framework
Street utility fees charge street users for maintenance and replacement costs. Similar to water, sewer, and other utility fees commonly used to pay for public services, street utility fees allocate costs to the system's users, based on their use of the system. A common approach is to develop a rate structure based on the correlation between land use and trip generation.

A few Oregon cities currently use street utility fees. It is critical to structure the street utility fee so it is defined as a fee, not a tax. It is relatively easy to meet this standard by basing the rate methodology on trip generation rates and by dedicating the resources to specific transportation services.

Street utility fees can be structured to be extremely equitable. Street operating, maintenance, and improvement costs emanate from vehicle trips. Extensive data support using land use as an indicator of trip generation. Basing the fee on the number of trips generated by land use provides a strong relationship between use of the transportation system and assessed fees.

The street utility fee must ensure that the system user, rather than the property owner, is charged, and that properties that do not generate trips (such as vacant buildings or undeveloped properties) are not charged. Another potential issue is that while national data show typical average trip numbers for various land uses, great variation may exist at the individual local level.

Revenue Use and Administration
Most cities collect street utility fees on existing City utility bills, which can substantially reduce collection costs. Multnomah County collects property information, including land use and total square feet of improvements, that could be used to calculate rates. The City

considered enacting a street utility fee, or street maintenance and improvement fee (SMIF), in fall 2001, but the City Council withdrew its enacting ordinance.

Revenue Potential
A street utility fee is capable of generating revenue levels to cover existing shortfalls. Rate methodologies and fees structures currently used by Oregon cities would generate $8 to 16 million dollars of gross revenues annually if applied to Portland. Portland residents have traditionally supported user fees as a way to finance public services. Public acceptance is high if there is public consensus that the service being offered is needed.

Other Potential New Local Revenues

Other new revenue sources have been investigated to a certain degree and are potentially available for use. However, most have a low level of public acceptance or would require difficult or costly initiation processes or administration.

Special Excise Tax
Excise taxes are levied on specific types of commodities. Commodities that are relatively price insensitive (e.g., cigarettes and alcohol) are often used for this type of tax. Because of the relationship with road usage, excise taxes on automotive parts would seem to be the most logical for funding transportation services. The public would likely view this tax as a sales tax and give it limited support. The tax would increase costs for specific Portland businesses.

Auto Sales Tax
An auto sales tax would levy a tax on all new cars sold in the City of Portland. The City does not have the authority to levy a sales tax, so voters would have to approve a change in the City charter. A sales tax would act as an access charge to the transportation system. However, a tax on the retail selling price of autos does not parallel the use of transportation facilities. The public would likely have a negative view of a sales tax on autos, similar to its view of a general sales tax.

Real Estate Transfer Tax
A real estate transfer tax is based on the selling price of real estate when property is sold. Relative to other revenue sources, there is a very weak connection between the purchase of real estate and the cost of providing transportation services to a specific user.

TSP FINANCIAL PLAN FRAMEWORK

The TSP financial plan framework provides the working assumptions for the various revenue sources, and presents and evaluates the alternative TSP financial scenarios.

TSP Revenue Assumptions

The TSP financial plan is based upon revenue capacity assumptions for both local and regional/State sources. For the most part, local revenue sources are assumed to be a constant 20-year multiplication of adjusted current revenues; in two scenarios, some potential new revenues are also provided. Regional/State sources are projections of

revenues to support Portland projects that will be funded through the MTIP and OTIA. Metro distributes MTIP funds, and the OTC distributes OTIA funds.

Existing local revenue sources include general transportation revenues (gas tax and parking revenues), urban renewal funds, system development charges, Port of Portland funds, LIDs, permit funds, the general fund, and other miscellaneous funds and interagency transfers. Potential additional revenues used for the development of the TSP financial scenarios include a new local revenue source, a new regional revenue source, and an increase in gas tax revenues or other existing revenue sources. All revenues and project costs from the TSP's major improvements list are based on current year dollar values and not adjusted for inflation.

In developing the financial assumptions for the TSP, the base year funding amounts are usually adjusted by the spending average of the past three to five years for each revenue source. This allows for adjustments to annual variations so trends are not projected from potentially atypical annual figures. The methodologies used for the TSP financial plan are very generalized, which is appropriate for long-term and policy-level planning. Actual implementation and funding of TSP projects will occur through the City's Capital Improvements Program, which is more specific in terms of revenue availability and allocations.

The financial assumptions for each revenue source are described below.

MTIP Funds

The revenue estimates for MTIP funds are based on RTP assumptions regarding federal and State revenues that could be available for RTP projects in Portland. It is assumed that MTIP funds will cover the regional contribution of projects listed on the RTP's financially constrained system for which Portland is the sponsoring jurisdiction. These MTIP funds include current authorizations for Portland (and Port of Portland) projects, plus future revenues estimates based on assumed distribution formulas developed as part the RTP. The RTP (Chapter 4: Financial Analysis, and supporting documents) provides additional information regarding MTIP funding capacity assumptions.

Over a 20-year period, MTIP funds are assumed to provide $270.4 million toward projects in the Portland TSP that are also on the RTP's financially constrained system. The MTIP funds are assumed to be available only for projects on the regional system.

OTIA Funds

Estimated revenues from the 2001 OTIA are derived from the obligated distributions. The OTIA provides funding for modernization (capacity-adding) projects, projects on State interchanges and multilane highways, pavement preservation projects on State district highways, and bridge preservation projects on both the State and local systems. The OTIA funds available for modernization projects would typically not apply toward reducing Portland's financial responsibilities for these facilities. The OTIA funds available for pavement and bridge preservation may, however, fund projects that would otherwise require substantial local funding participation.

Current OTIA distributions will provide $5.2 million for bridges and $7.9 million for pavement preservation, a total of $13.1 million for projects that could otherwise require some level of funding from Portland. For at least one of the TSP financial scenarios, it is reasonable to assume the State will extend the OTIA; replenishing it every other biennium at the same rate would provide $65.5 million over the 20-year planning period. These new funds would have the same project qualifying limitations as the original OTIA. The assumed OTIA revenues are contained within the MTIP totals for the TSP financial scenarios.

Urban Renewal Funds

Urban renewal funds are programmed through PDC's Five-Year Business Plan, which includes a category of projects classified as transportation improvements. The current Five-Year Business Plan programs an average of approximately $13.5 million per year for transportation projects. Typically the annual adopted budgets for transportation projects and actual expenditures are less than this amount. It is somewhat difficult to develop revenue projections for urban renewal funds due to the Oregon Supreme court decision in Shilo vs. Multnomah County, et al.

However, based on a ten-year average of annual expenditures, a relatively conservative estimate of $6 million per year of urban renewal funds is assumed to be available for TSP transportation improvements, or $120 million over the 20-year planning period. Of this total, $52.6 million is assumed to be applied toward projects in the RTP financially constrained system. The remaining $67.4 million may be applied to other transportation projects, but the projects must be in designated urban renewal districts.

For one of the financial scenarios an increase of 25% of urban renewal funds (i.e. an additional $30 million) is assumed to be available to support TSP projects in urban renewal districts in addition to those identified on the financially constrained system. This scenario produces $150 million over 20-years assuming an average annual rate of $7.5 million.

System Development Charges

As defined in the SDC enacting ordinance in 1997, SDC funds apply toward funding a specific list of projects. The revenue to be generated by SDC collections was estimated at approximately $64 million over the 10-year life of the ordinance. The actual amount collected depends upon growth rates, building activity, and the extent of credits allowed toward rates on a case-by-case basis. Actual SDC revenue collections have been less than the estimated amount.

The SDC revenues available for TSP transportation improvements are assumed to be $3 million per year, or $60 million over the 20-year planning period. This is approximately half of the annual amount the ordinance originally estimated; however, the total also assumed the ordinance would be issued for an additional 10-year period. Of the $60 million total, half ($30 million) is assumed to apply toward projects on the RTP's financially constrained system. The remaining $30 million may be applied to other transportation projects that are on either the current SDC project list or on a future expansion of the list.

For one of the financial scenarios an increase of 25% of SDC funds (i.e. an additional $15 million) is assumed to be available to support TSP projects in addition to those identified on the financially constrained system, producing $75 million over 20 years.

Port of Portland Funds

The Port of Portland Transportation Improvement Plan (PTIP) forecasts general revenue from various sources to address transportation needs and finance capital improvements. The 2001 PTIP estimates approximately $60 million in Port revenues over a 20-year period, leveraging another $193.3 million in private and other funds. Additional funds are anticipated from federal, State, and other sources to complete PTIP projects. Some PTIP projects are listed as an unfunded need.

The RTP assumes approximately $179.8 million will be available from Port funds to finance projects in the financially constrained system. The TSP financial plan assumes this same amount of revenue, all to be applied only to projects in the PTIP and the RTP financially constrained system. For one of the financial scenarios a modest increase of approximately 10% of Port funds is assumed to be available to support Port projects in addition to those identified on the financially constrained system.

Local Improvement Districts

Although annual variations occur, LID funding for TSP purposes can be estimated from recent historical data over the past several years and from Capital Improvement Program (CIP) projections. This produces an estimated base assumption of approximately $2 million per year, or $40 million over the 20-year planning period. LID funding is primarily used for local residential street improvements, but is not limited to these projects. It is assumed that approximately 10 percent of the LID funds are available for major TSP transportation improvements.

The amount of LID funds assumed to be available for TSP projects varies by the TSP financial scenarios, as discussed later in this chapter. Based on the research and revenue estimates developed for the proposed SMIF in 2001, a LID subsidy of $2 million per year would leverage an equal or greater amount of additional contributions from private sources. Accordingly, two of the financial scenarios assume an increase of LID revenues from $40 million to $80 million over the 20-year TSP planning period, plus an additional $15 million in one of these scenarios to account for new private implementation projects.

Permit Funds

Funding capacities derived from street improvement permits can be estimated from activity data over the past several years and from CIP projections. This produces an estimate of approximately $1.15 million per year, or $23 million over the 20-year planning period. Private expenditures for street improvements through the permit process may be applied toward a wide range of capital projects.

General Fund

Over the past several budget years, the general fund has supported street lighting capital improvements at a rate of approximately $500,000 per year. Over a 20-year period, this would amount to $10 million, which is the estimate used in the TSP financial plan assumptions. The TSP further assumes that this entire amount will be used for street lighting capital improvements only.

General Transportation Revenues

GTR has been very unstable in recent years as a funding source for capital improvements. Both the GTR's funding capacities and its availability for capital projects have declined because the priority is to provide a reasonable service level for system maintenance needs. GTR is the most flexible of the revenues available for TSP projects and may be applied toward any targeted need or policy objective.

The GTR revenue assumptions for the TSP financial scenarios vary as follows:

As a base assumption, the current distributions and near-term forecasts are extended over the 20-year planning period. This produces a total of $25 million, based on a GTR average of $2 million per year for the first five years of the planning period, declining to $1 million per year for the remaining 15 years.

Based on the revenue estimates developed for the proposed SMIF, the declining GTR balance is replenished and stabilized at $2 million per year for the entire 20-year planning period, or $40 million total. This provides a reasonable assumption for at least one of the financial scenarios.

Another estimate may be based on longer-term historic trends, where gas tax rates were regularly increased to provide stable funding for capital improvements, as well as to keep pace with inflation. For the five years before 1998, GTR revenues available for capital improvement projects averaged approximately $9 million per year in year 2001 dollars. It is therefore reasonable that at least one of the financial scenarios assume that these historic rates of GTR support for capital improvements are returned. Because of assumptions regarding other new local revenues (as discussed below), a more conservative assumption of $5.0 million per year is used in one of the financial scenarios. This produces $100 million of GTR revenues over the 20-year planning period.

Other Local Revenue

Other funding is primarily derived from sources such as miscellaneous grants and interagency funding from other bureaus, the county, and other cities. Based on a current annual amount of $1.43 million, this produces $28.6 million over the 20-year planning period.

Based on revenue estimates developed for the proposed SMIF, a City subsidy of $1 million per year would be developed to contribute toward storm drainage costs associated with new street construction. With this additional $1 million per year, plus the existing amount from other local sources, these funds would produce $48.6 million over the 20-year period of the TSP. It is reasonable to assume that this increase in revenue, or an amount of up to 10% over current levels, would be available for TSP projects under at least one of the financial scenarios.

New Local Revenue

It is reasonable for at least one of the TSP financial scenarios to assume implementation of a new local revenue source. This new source would either be derived from the potential new

local funding sources described previously in this chapter, some combination of these potential new sources, or an increase in one or more of the existing revenue sources.

Although City Council did not enact the 2001 SMIF proposal, the SMIF provides a reasonable model for both the funding capacity of a new street user fee and the relative distribution of funds for maintenance, local street improvement subsidies, and capital improvements.

This street utility was estimated to generate $59.7 million over five years, with about half ($30 million) available for TSP projects. If extended over the 20-year planning period, this would produce $120 million.

New Regional Revenue

Chapter 4: Financial Analysis, of the RTP discusses existing revenues and their funding capacities. Section 5.4 of the RTP analyzes priority system financing. These two sections of the RTP discuss potential new revenue sources and funding concepts, and provide a basis for assumptions about a new regional revenue source for use in the TSP financial plan.

New sources that could apply to TSP projects include an increased State gas tax, an increased State vehicle registration fee, a regional gas tax, a regional vehicle registration fee, peak-period pricing, a vehicle-miles-traveled fee, and an off-street parking fee. The RTP also discusses new local revenues that could be applied to regional facilities, most of which are described in this chapter.

It is reasonable for at least one of the TSP financial scenarios to assume that a new regional revenue source is developed and applied toward financing Portland projects that are also in the RTP priority system. It is also assumed that this new regional revenue does not duplicate any new local revenue source. The amount of new regional revenue distributed to Portland TSP projects may be based on the distribution formulas used for the MTIP revenue assumptions. The TSP assumption is that $77.3 million of new regional revenues will be available for financing TSP projects that are also in the RTP priority system.

TSP Financial Scenarios

The following three financial scenarios have been developed for the TSP financial plan:

- Scenario A: "No New Revenue"
- Scenario B: "New Local Revenue"
- Scenario C: "Plan Level Funding"

The scenarios provide a range of choices for investment in the City's transportation system, both in terms of the scale of funding assumed to be available from the various revenue sources and the emphasis applied to the different project or activity categories. (The funding capacities of current and potential new revenue sources were discussed previously in this chapter.)

Financial Scenario Terminology

The *financially constrained system* is the RTP's federally recognized system of planned transportation improvements and financial plan assumptions. It is the system used to determine regulatory compliance with various federal requirements, such as air quality. Only those revenues that are "reasonably expected" to be available may be assumed in the financially constrained system. Because this RTP system provides a baseline for federal regulations, it is important to ensure that all financial scenarios accommodate these projects.

The *priority system* provides a larger set of projects than the financially constrained system and more fully addresses the highest-priority regional needs with a potentially attainable increase in revenues. Because this system is the basis for determining local TSP compliance with the RTP and serves as the base case for analyses of land use proposals and actions, it is important to ensure that at least one of the financial scenarios accommodates the projects identified in the priority system.

The *major transportation improvements list (*also called *major projects in this chapter)* and the *reference list* are the two basic types of projects in the TSP. Major projects are the more traditional capital improvement projects that provide some level of modernization or functional upgrading. All TSP projects that are also in the RTP are major projects. In the financial plan, the reference list is basically a funding placeholder for various project categories that do not qualify as major projects. Examples include traffic calming projects, spot safety improvements, local street construction, or preservation projects needed to rehabilitate a facility rather than substantially upgrade or change its function. (Chapter 3: Transportation System Improvements, of the TSP more fully describes these project divisions.)

Discretionary revenues and *dedicated revenues* are the two basic types of revenue source divisions in the TSP. Discretionary revenues typically may be expended on any type of project or transportation service. Dedicated revenues are limited to a specific project purpose, category, location, or established set of projects. For example, general fund revenues used in the financial scenarios are assumed to finance only street lighting projects, and Port funds are used only for projects on or accessing Port properties and facilities. (The previous discussion of revenue sources addressed these limitations more fully.) Some exceptions that apply are discussed under the specific assumptions for each financial scenario.

Scenario A: No New Revenue

Funding Assumptions

This scenario uses the funding levels assumed for the RTP's financially constrained system, plus existing levels of funding for existing State and local sources. Table 14.1 shows the specific assumed funding amounts from each revenue source.

It is important to note that Scenario A: No New Revenue differs from an existing resources scenario. Scenario A projects existing base revenue assumptions over 20 years. Revenues keep pace with inflation (and project costs are held constant), and sources that have termination dates (such as OTIA and SDC) are assumed to be reissued to extend over the life of the 20-year plan.

Scenario A produces approximately $756.8 million over 20 years. After assigning revenues to the RTP financially constrained system projects ($543.4 million) and accounting for local match requirements for MTIP funds ($8.9 million), approximately $204.5 million is available for other TSP projects. Of this $204.5 million subtotal amount, $118.5 million (58 percent) is applied toward major projects and $86 million (42 percent) toward reference list projects. Also, of the $204.5 million subtotal, $188.4 million are dedicated funds and only about $16.1 million are discretionary funds.

Scenario Emphasis

Scenario A allows for funding the highest-priority projects on the regional system in Portland and some capital improvement projects on the local street system. Many projects requested by the community are not funded, however, because a growing percentage of locally controlled discretionary revenues must be used to maintain aging infrastructure. There is a strong emphasis on major projects because a large amount of projected funds are dedicated to specific purposes and are not available for reference list needs.

Analysis Summary

This scenario does not meet policy objectives in several areas. It does not address the issue of declining revenues for maintenance and operations needs. Local community priorities reflected in the reference list categories (such as traffic calming, spot safety improvements, and local street paving and upgrades) basically remain at current service levels and are not adequately addressed. The scenario does not fund all projects in the regional priority system, which may result in potential issues concerning TSP compliance with the RTP.

Table 14.1
Scenario A: No New Revenue ($ millions)

Funding Sources	20-Year Revenues	20-Year RTP Expenditures		Local Distributions[9]	
		Constrained RTP	Local Match[8]	Dedicated	Discretionary
MTIP Funds[1]	$270.4	$270.4	$0	$0	$0
Urban Renewal[2]	$120.0	$52.6	$0	$67.4	$0
System Development Charges[3]	$60.0	$30.0	$0	$30.0	$0
Port Funds[4]	$179.8	$179.8	$0	$0	$0
Local Improvement Districts[5]	$40.0	$3.1	$0	$36.9	$0
Permit Fees	$23.0	$0	$0	$23.0	$0
General Fund	$10.0	$0	$0	$10.0	$0
General Trans. Revenue[6]	$25.0	$0	$8.9	$0	$16.1
Other Funds[7]	$28.6	$7.5	$0	$21.1	$0
New Local Revenue	$0	$0	$0	$0	$0
New Regional Revenue	$0	$0	$0	$0	$0
Total	***$756.8***	***$543.4***	***$8.9***	***$188.4***	***$16.1***

Notes: (Refer to text for further explanation of these notes.)

[1]The MTIP amount is derived from RTP financial data and assumed combined distribution formulas to Portland and the Port of Portland. OTIA revenues are contained within the MTIP total.

[2]Urban Renewal amount is derived from an adjusted ten-year average of annual expenditures for transportation projects.

[3]System Development Charges are based on the ten-year SDC ordinance extended over the 20-year plan period.

[4]Port funds amount is derived from RTP financial data.

[5]Local Improvement Districts (LID), Permit Fees and general Fund amounts are derived from five-year average annual expenditures and CIP projections.

[6]General Transportation Revenue (GTR) is based on current year distributions and near-term forecasts extended over the 20-year plan period.

[7]Other Funds include miscellaneous grants and interagency funds based on CIP data.

[8]The local match for MTIP and New Regional Revenue is assumed to be 10%. General Transportation Revenue is assumed to contribute 33% of the match. The remaining 67% is derived from Urban Renewal, SDC, Port and LID funds.

[9]Local Distributions are derived from the revenues remaining after funds are distributed to cover RTP project cost obligations.

Scenario B: New Local Revenue

Funding Assumptions

This scenario uses all of the funding levels and sources from Scenario A, plus a new locally controlled revenue source and a LID subsidy to provide additional funding for local streets. It assumes the same level of revenue support, including local match, for regional projects in the financially constrained system as Scenario A. Table 14.2 shows the specific assumed funding amounts from each revenue source.

This scenario produces approximately $951.8 million over 20 years. In addition to funding projects in the financially constrained system, it provides approximately $399.5 million for other TSP projects. Of this $399.5 million subtotal amount, $118.5 million (30 percent) is applied toward major projects and $281 million (70 percent) toward reference list projects. Also, of the $399.5 million subtotal, $248.4 million are dedicated funds and $151.1 million are discretionary funds. This increase in discretionary funds over Scenario A is due to the new local revenue source and an increase in GTR revenue.

Scenario Emphasis

Scenario B provides new funding for additional local livability improvements. These new projects are intended to address school access and safety, traffic safety hazards, minor intersection and signal projects, traffic calming, and various pedestrian and bicycle improvements. Substantial new funding is available for local street improvements and paving unimproved streets. Scenario B also funds the same level of major capital projects as Scenario A.

This scenario also provides more funding for maintenance needs and stabilizes GTR revenues at $2 million per year. It still funds only the highest-priority projects in the regional system, however, and does not provide additional funding over Scenario A for major capital projects on the local system.

Analysis Summary

This scenario improves upon Scenario A and meets additional needs. It returns adequate service levels to address community transportation priorities that have been reduced in scale or eliminated by current budget shortfalls. It makes substantial gains toward addressing currently unmet needs to improve local streets to City standards citywide. The new local revenue source and GTR stabilization provide more funding flexibility to respond to needed programmatic adjustments over time.

This scenario still does not fund all projects in the regional priority system, however, which may result in potential issues concerning TSP compliance with the RTP. It also does not fund many major local project needs.

Table 14.2
Scenario B: New Local Revenue ($ millions)

Funding Sources	20-Year Revenues	20-Year RTP Expenditures		Local Distributions[10]	
		Constrained RTP	Local Match[9]	Dedicated	Discretionary
MTIP Funds[1]	$270.4	$270.4	$0	$0	$0
Urban Renewal[2]	$120.0	$52.6	$0	$67.4	$0
System Development Charges[3]	$60.0	$30.0	$0	$30.0	$0
Port Funds[4]	$179.8	$179.8	$0	$0	$0
Local Improvement Districts[5]	$80.0	$3.1	$0	$76.9	$0
Permit Fees	$23.0	$0	$0	$23.0	$0
General Fund	$10.0	$0	$0	$10.0	$0
General Trans. Revenue[6]	$40.0	$0	$8.9	$0	$31.1
Other Funds[7]	$48.6	$7.5	$0	$41.1	$0
New Local Revenue[8]	$120.0	$0	$0	$0	$120.0
New Regional Revenue	$0	$0	$0	$0	$0
Total	***$951.8***	***$543.4***	***$8.9***	***$248.4***	***$151.1***

Notes: (Refer to text for further explanation of these notes.)

[1]The MTIP amount is derived from RTP financial data and assumed combined distribution formulas to Portland and the Port of Portland. OTIA revenues are contained within the MTIP total.

[2]Urban Renewal amount is derived from an adjusted ten-year average of annual expenditures for transportation projects.

[3]System Development Charges are based on the ten-year SDC ordinance extended over the 20-year plan period.

[4]Port funds amount is derived from RTP financial data.

[5]Local Improvement Districts (LID), Permit Fees and general Fund amounts are derived from five-year average annual expenditures and CIP projections, plus an increase of $40.0 million over Scenario A based on data derived from the Street Maintenance and Improvement Fee (SMIF) assumptions.

[6]General Transportation Revenue (GTR) is based on current year distributions and near-term forecasts extended over the 20-year plan period, plus an increase of $15.0 million over Scenario A based on data derived from SMIF assumptions.

[7]Other Funds include miscellaneous grants and interagency funds based on CIP data, plus an increase of $20.0 million over Scenario A based on data derived from SMIF assumptions.

[8]New Local Revenue amount, not provided in Scenario A, is based on data derived from SMIF assumptions.

[9]The local match for MTIP is assumed to be 10%. General Transportation Revenue is assumed to contribute 33% of the match. The remaining 67% is derived from Urban Renewal, SDC, Port and LID funds.

[10]Local Distributions are derived from the revenues remaining after funds are distributed to cover RTP project cost obligations.

Scenario C: Plan Level Funding

Funding Assumptions

This scenario includes all the funding levels and sources from Scenario B, plus a new regional revenue source for transportation. It increases certain local revenues by 10% and increases GTR funding. The assumed GTR increase along with a portion of the new local revenue source reflects typical levels available for capital projects before 1998. Scenario C assumes the same level of revenue support, including local match, for regional projects in the financially constrained system as Scenario A and Scenario B. In addition, it provides revenue support for TSP projects on the RTP priority system in Portland. Table 14.3 shows the specific assumed funding amounts from each revenue source.

This scenario produces approximately $1.17 billion over 20 years. It funds TSP projects that are on both the RTP's financially constrained system and in the RTP priority system in Portland. In addition, it provides approximately $537.2 million for TSP projects on the local system. Of this $537.2 million subtotal amount, $256.1 million (48 percent) is applied toward major projects and $281 million (52 percent) toward reference list projects. Also, of the $537.2 million subtotal, $328.7 million are dedicated funds and $208.5 million are discretionary funds.

Scenario Emphasis

Scenario C funds all the capital improvement projects identified under Scenario B, plus additional major projects on both the regional and local systems serving Portland. It also provides additional funding for maintenance needs and for local livability improvements. This scenario provides substantial increases in discretionary funds, primarily through the implementation of a new local revenue source and by replenishing GTR funds to $4.5 million per year. It also more closely matches regional revenue with regional projects and local revenue with local projects.

Analysis Summary

This scenario improves upon Scenario B and meets TSP policy objectives in a satisfactory or better manner. It makes sizeable gains toward addressing current unmet needs for preservation and rehabilitation projects. It returns community transportation priorities to adequate service levels and allows for potential enhancements in system management activities. It also makes substantial gains toward addressing currently unmet needs to improve local streets to City standards citywide.

The new revenue sources and GTR replenishment provide local funding flexibility, makes available a pool of discretionary funds to meet various policy objectives and performance measures, and can respond to needed programmatic adjustments over time. Scenario C funds all regional priority system projects, alleviating potential issues concerning TSP compliance with the RTP.

Table 14.3
Scenario C: Plan Level Funding ($ millions)

Funding Sources	20-Year Revenues	20-Year RTP Expenditures		Local Distributions[11]	
		Constrained & Priority RTP	Local Match[10]	Dedicated	Discretionary
MTIP Funds[1]	$270.4	$270.4	$0	$0	$0
Urban Renewal[2]	$150.0	$52.6	$0	$97.4	$0
System Development Charges[3]	$75.0	$30.0	$0	$45.0	$0
Port Funds[4]	$198.0	$179.8	$0	$18.2	$0
Local Improvement Districts[5]	$95.0	$3.1	$0	$91.9	$0
Permit Fees	$23.0	$0	$0	$23.0	$0
General Fund	$10.0	$0	$0	$10.0	$0
General Trans. Revenue[6]	$100.0	$0	$11.5	$0	$88.5
Other Funds[7]	$50.7	$7.5	$0	$43.2	$0
New Local Revenue[8]	$120.0	$0	$0	$0	$120.0
New Regional Revenue[9]	$77.3	$77.3	$0	$0	$0
Total	***$1,169.4***	***$620.7***	***$11.5***	***$328.7***	***$208.5***

Notes: (Refer to text for further explanation of these notes.)

[1]The MTIP amount is derived from RTP financial data and assumed combined distribution formulas to Portland and the Port of Portland. OTIA revenues are contained within the MTIP total.

[2]Urban Renewal amount is derived from an adjusted ten-year average of annual expenditures for transportation projects, plus an increase of 25% assumed for local revenues in this scenario.

[3]System Development Charges are based on the ten-year SDC ordinance extended over the 20-year plan period, plus an increase of 25% assumed for local revenues in this scenario.

[4]Port funds amount is derived from RTP financial data, plus an increase of 10% assumed for local revenues in this scenario.

[5]Local Improvement Districts (LID), Permit Fees and general Fund amounts are derived from five-year average annual expenditures and CIP projections, plus an increase of $40.0 million over Scenario A based on data derived from the Street Maintenance and Improvement Fee (SMIF) assumptions, plus an additional $15 million in this scenario.

[6]General Transportation Revenue (GTR) is based on current year distributions and near-term forecasts extended over the 20-year plan period, plus an increase of $75.0 million over Scenario A based on historic CIP funding level support.

[7]Other Funds include miscellaneous grants and interagency funds based on CIP data, plus an increase of $20.0 million over Scenario A based on data derived from SMIF assumptions, plus an increase of $2.1 million assumed for this scenario.

[8]New Local Revenue amount, not provided in Scenario A, is based on data derived from SMIF assumptions.

[9]New Regional Revenue, not provided in Scenario A or B, is the amount required to support Priority RTP projects.

[10]The local match for MTIP and New Regional Revenue is assumed to be 10%. General Transportation Revenue is assumed to contribute 33% of the match. The remaining 67% is derived from Urban Renewal, SDC, Port and LID funds.

[11]Local Distributions are derived from the revenues remaining after funds are distributed to cover RTP project cost obligations.

Funding Summary of Financial Scenarios

Table 14.4 summarizes and compares the funding assumptions for Scenarios A, B, and C.

Table 14.4
Funding Summary of Financial Scenarios

	Scenario A No New Revenue	Scenario B New Local Revenue	Scenario C Plan Level Funding
Total 20-Year Revenue – All Sources	$756,800,000	$951,800,000	$1,169,400,000
20-Year Expenditures – RTP Constrained	$543,400,000	$543,400,000	$543,400,000
20-Year Expenditures – RTP Priority	$0	$0	$77,300,000
Local Match	$8,900,000	$8,900,000	$11,500,000
Local Revenues - After RTP Expenditures	$204,500,000	$399,500,000	$537,200,000
Local Projects – Major Improvements	$118,500,000	$118,500,000	$256,100,000
Local Projects – Reference List	$86,000,000	$281,000,000	$281,000,000