

TRANSPORTATION PROJECT FUNDING SOURCES

The following data is excerpted from Dunes City Master Road Plan prepared for Dunes City Roads Advisory Committee by the Lane Council of Governments, May 2000.

A. Introduction

The following list identifies possible Federal, State, county, local, and private sources to fund various transportation improvements. The purpose of this list is to serve as guide to assist the City in identifying appropriate sources.

B. Federal Funding Sources

Some Federal funding programs are administered by the State. Those programs are listed in this Section.

1. Intermodal Surface Transportation Efficiency Act (ISTEA)

Funding through the Intermodal Surface Transportation Efficiency Act is targeted to improvements that demonstrate beneficial impacts towards implementing a region's STP, enhance the multi-modal nature of the transportation system, and meet local land use, economic, and environmental goals. Funding categories created by ISTEA are intended to provide an area with more discretion in allocating Federal transportation funds to projects from highway improvements to transit improvements, management systems, and non-vehicular modes such as bicycle and pedestrian improvements.

The ISTEA funding programs include:

- National Highway System (NHS)
- Interstate Program (IP)
- Surface Transportation Program (STP)
- National Scenic Byways Program (NSBP)

The Federal legislation that authorizes ISTEA terminated in November 1997 and was extended by President Clinton for an additional six months. A new Federal funding package is currently under development, but there is uncertainty about continuation of, and/or funding levels for, some existing programs.

2. Highway Enhancement System (HES)

This Federal Highway Administration program provides funding for safety improvements on public roads.

3. National Highway System (NHS)

Provides funding for a variety of activities on any highway currently designated as a principal arterial. In Dunes City, this would mean Highway 101.

4. Surface Transportation Program (STP)

Funding for transportation enhancement activities is provided under the Surface Transportation Program of the ISTEA. These enhancement activities include the provision of facilities for pedestrians and bicycles. Ten percent of each State's share of STP funds are to be set aside for transportation enhancements. These funds are dispersed through ODOT's regional offices. The project must be included in the State Transportation Improvement Program (STIP) to receive STP funds. This is the most flexible of the funding programs and can fund improvements on any highway except those with a functional classification of local street or rural minor collector. These roads are now collectively referred to as Federal-aid routes. Transit capital improvement projects are also eligible for funding through this category. Each eligible city is sub-allocated a portion of the State's STP funds. The project sponsor must request inclusion of the project in the annual Transportation Improvement Program.

5. Transportation Enhancement Program

The State is required to set aside a portion of its STP funds for projects that will enhance the cultural and environmental values of the State's transportation system. Projects need to demonstrate a link to the intermodal transportation system. It funds enhancements such as mitigation of water pollution due to highway runoff, landscaping or other scenic beautification, bicycle/pedestrian projects, historic preservation, acquisition of scenic easements and scenic or historic sites, archaeological planning and research, and preservation of abandoned railway corridors.

6. Highway Bridge Replacement and Rehabilitation Program (HBRR)

The Highway Bridge Replacement and Rehabilitation Program provides funding for the replacement and rehabilitation of structures regardless of functional classification. A portion of the HBRR Program is allocated for the improvement of structures under the jurisdiction of cities and counties. Bridges under local jurisdiction are added to the program based on a selection process agreed upon by the Oregon Department of Transportation (ODOT), the League of Oregon Cities, and the Association of Oregon Counties. A technical ranking system, based on sufficiency rating, cost factor, and the load capacity is applied to proposed projects, and those that rank highest statewide receive top-priority funding.

7. Timber Receipts

The U.S. Forest Service (USFS) and Bureau of Land Management (BLM) share revenue from timber receipts with counties in Oregon. Lane County then shares with the cities within the county through a county/city road partnership agreement. The share of forest revenues is no longer directly tied to the level of timber harvests. The USFS revenues have permitted Lane County to make significant capital improvements to its road system. Funds from this source are declining.

8. Community Development Block Grants (CDBG)

Community Development Block Grants are administered by the Department of Housing and

Urban Development and accessed through the State. Although CDBG funds could be used for transportation projects in eligible areas cities, these funds have traditionally been used for other types of infrastructure projects.

9. Land and Water Conservation Fund

This grant program is administered by ODOT. Funds are derived under Public Law 88-578 from the National Park Service, Department of the Interior. Grants are available for the acquisition of land and the development of public outdoor recreation facilities. Grants are limited to 50 percent of the total project cost. The cities and counties are responsible for the remaining project cost. Bicycle/pedestrian paths have been funded under this program in instances where they have been shown, as needed, in connection with outdoor recreation activities.

10. Local Rail Freight Assistance (LRFA)

Rail freight improvement projects compete nationally for scarce Federal Local Rail Freight Assistance program funds that must be matched by State, local, or private sources. LRFA provides grants to rehabilitate low-density branch and short line railroads, allowing them to provide cost effective rail freight service to communities.

C. State Funding Sources

1. Oregon Department of Transportation (ODOT)

a. State Transportation Improvement Program (STIP)

ODOT allocates State and Federal funding for transportation projects in the STIP. The STIP is a staged, multi-year, statewide, intermodal program of transportation projects. The STIP is not a funding source; rather it is a project prioritization and scheduling document developed through various planning processes that involve local and regional governments and transportation agencies. Aeronautics, rail, public transit, bicycle/pedestrian, and highway projects are included. Public meetings are held throughout the State prior to adoption by the Oregon Transportation Commission (OTC). The adopted STIP lists projects by ODOT's regions. These regional offices are responsible for administration and disbursement of the funds.

b. State Highway Fund (also known as gas tax)

The State of Oregon collects gas tax revenues, vehicle registration fees, and weight mile taxes on freight carriers.

ODOT, through the Department of Revenue, receives these revenues and disperses a portion of them to individual cities and counties based on their percentage of statewide population. The Oregon constitution limits the use of these funds to capital projects within rights-of-way. ODOT uses its allocation for maintenance and to fund capital projects in the STIP. Cities may use funds for local street, bike lane, and sidewalk upgrades, maintenance, and new construction. A reasonable amount of this fund (at least 1 percent) must be spent on bicycle and pedestrian facilities.

ODOT administers an annual grant program for bicycle and pedestrian projects using Highway Fund money. This grant program funds projects that cost up to \$100,000 and is based on a 20 percent local match. It is for bicycle and pedestrian projects within road rights-of-way or for bicycle maps.

c. Access Management Program

Approximately \$500,000 is set aside each year to address access management issues, including the evaluation of existing approach roads to State highways. Over the years, many approach roads have become unsafe due to higher speeds and increased traffic volumes. The program will identify those locations, determine necessary mitigation, prioritize improvements, and correct problems.

d. Local Government Fund Exchange

This program helps local governments make the most effective use of limited transportation funding. To reduce their administrative burden, local governments can agree to develop their projects with State funds, which are easier to administer, while the State uses the local governments' Federal funds for State projects. This program allows flexibility in spending.

e. Community Transportation Program (CTP)

The Community Transportation Program provides money to fund public and special needs transportation in small cities and communities throughout the State. The program is financed by a combination of State, Federal, and local matching funds. The program is a unified project application, review, and selection process for discretionary funds. These funds are made available under the Federal Transit Act, Elderly Persons with Disabilities Program, the Non-Urbanized Area Formula Program, and the Special Transportation Fund.

f. Special Transportation Fund (STF)

The *Special Transportation Fund for the Elderly and Disabled* (ORS 391.800 - 391.830) revenues are collected through the State cigarette tax and distributed based on a formula that considers the elderly population in poverty. The funds that come into Lane County are then allocated to the rural districts based on population and service needs according to the STF Advisory Committee. The STF is the only dedicated revenue source in the State of Oregon for specialized transportation for the elderly and disabled. This funding source has been declining over the years due to the reduction in the amount of cigarette tax collected. There is awareness that new sources of revenue are needed. Acting on behalf of the Lane Transit District (LTD), Lane Council of Governments oversees and coordinates with providers to operate services funded through STF.

g. Rail Freight Program

Although ODOT does not own or operate any rail lines, the ODOT Rail Freight Program assists in the rehabilitation of publicly and privately owned rail lines through planning and the administration of Federal and State funded programs.

h. State Rail Rehabilitation Fund

The fund was established by the State legislature to be used for rail line acquisition, track rehabilitation, improvement of rail properties, planning, or any other method of reducing the costs of lost rail service. However, this program has never received an allocation of funds.

2. Oregon Economic Development Department (OEDD)

a. Special Public Works Funds

The State of Oregon, through lottery proceeds passed through the OEDD, has provided grants and loans to local government to construct, improve, and repair public infrastructure in support of local economic development and job creation. The application of this funding source for transportation improvements is limited. Funds for rail projects are also available through the OEDD. Projects must compete with other public works projects submitted by local and State agencies. As of 1996, OEDD had administered approximately \$4.5 million in lottery funds to develop three rail projects.

b. Immediate Opportunity Fund

ODOT funds the Immediate Opportunity Fund through an annual \$5 million allotment from the State Motor Vehicle Fund. OEDD administers the fund. The funds are set aside to provide OEDD the opportunity to respond quickly to transportation improvements that demonstrate a significant benefit to economic development and job creation. The program has been expanded recently to include alternate modes that reduce vehicle miles traveled (VMT) and for new technologies that improve commerce or safety. The maximum amount available for a single project is \$500,000. A key factor in determining eligibility for funds is whether an immediate commitment of funds is required to influence the location, relocation, or retention of a firm in Oregon. Funding is reserved for cases where an actual transportation problem exists, and where a location decision hinges on immediate commitment of road construction resources.

D. Lane County Funding Sources

1. Lane County Road Fund

The Road Fund finances a variety of programs related to the County's road and bridge system. Revenues for the Road Fund come from two major sources, National Forest Receipts and transfers from the State Highway Fund. Federal and State statutes govern the use of Road Fund revenues, restricting expenditures to specific road-related activities.

Road Funds have been used to perform maintenance, preservation, modernization and system operation activities on County roads. Road Funds have also been shared with other agencies for County/City Road Partnership, gravel road paving, economic development and specific road construction projects.

2. Economic Development Assistance Program (EDAP)

Economic Development Assistance Program is funded through the County Road Fund. Funds may be used to improve the marketability of *for sale* industrial properties or to improve access to existing industrial businesses. The goal of EDAP is to create family-wage jobs that directly benefit local communities. The future of this funding source is in question due to the county's diminishing share of Federal timber receipts.

3. Payroll Tax

Lane Transit District typically funds its services through an employer payroll tax.

E. City Funding Sources

1. City Transportation Fund

This is a set of funds from the City's share of the State Motor Vehicle Fund and the Federal timber receipts allocated through Lane County.

2. System Development Charges (SDC)

System Development Charges could be collected as vacant parcels of land are developed or as redevelopment occurs. This charge would be based on the development's impact on the overall transportation system. Transportation SDCs are based on the land use type, the size of the development (number of dwelling units or number of acres), the number of trips per unit of development (derived from the Institute Transportation Engineers Manual), and the fee/trip rate. These funds may also be used for financing alternative modes projects. Dunes City could create an SDC based on this transportation plan. The costs of setting up an SDC can be covered in the charge itself.

3. Debt Financing

a. General Obligation Bonds

Bonds are sold by the municipal government to fund public infrastructure and other improvements, and are repaid with property tax revenue. Voters must approve general obligation bond sales.

b. Revenue Bonds

Bonds are sold by the City and repaid with revenue from an enterprise fund, which has a steady revenue stream such as a water or sewer fund. The bonds are typically sold to fund improvements in the system that is producing the revenue. They are a common means to fund large, high cost, capital improvements that have a long useful life.

c. User Fees

In general, the users pay based on their use of, or impact on, the system.

d. Local Gas Tax

The City or County could implement a local gas tax, in addition to the existing revenues from the State gas tax. Several cities and counties in Oregon have a local gas tax. Given the current anti-tax atmosphere, it may be difficult to get voter approval on a local gas tax.

e. Local Vehicle Registration Fee

Counties can implement a local vehicle registration fee. A portion of the County fee would be allocated to cities in Lane County. The fee would provide a stable and reasonable funding source, but is unlikely to receive local support.

f. Street Utility Fee

Similar to a water or sewer utility fee, a fee would be assessed in the City for use of streets. Implementing a street utility fee would require voter approval and political support would likely be low.

g. Special Assessments

Assessments pay for on-site or adjacent public improvements. The property owners directly benefit from the improvement.

h. Local Improvement District

The property owners, who will benefit from the improvements, pay an assessment of the project cost. In Dunes City, this approach is usually taken for sidewalk improvements or street widening.

i. Agreement for Improvements

It does not always make sense for a land divider or property owner to install the required improvements (including streets and sidewalks) at the time of development. If that is the case, one must execute and file with the City an agreement to pay for future improvements. Dunes City keeps these agreements in files organized by street and will pull them at the time of a capital improvement project.

F. Private Developers

The majority of local streets and sidewalks are paid for at the time of development by the developer who includes the cost in the sales price of the homes or properties. This also applies to bikeways, bicycle parking, and transit facilities. In this way, the benefiting users are paying for the cost of the system installation. The City is then responsible for maintaining improvements within the public rights-of-way.