



Technical Memorandum

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Kittelson Project No: 23021.041

To: Project Management Team

DOT&PF Agreement No: 20455

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Subject: Final TM #6: Funding for Transportation System Improvements

Funding Needs Overview

The Winston Transportation System Plan (TSP) includes projects under the jurisdiction and ownership of the state, Douglas County, City of Winston, and Umpqua Public Transit District (UPTD), as well as some projects that may include privately owned property. Each project may be funded through a different combination of federal, state, City, County, or private sources. This memo discusses current and possible new funding mechanisms that may be available to implement projects at some point during the life of the TSP. A complete list of projects anticipated to be constructed in the 20-year life of the TSP and planning-level cost estimates for each project will be provided in Technical Memorandum #8 (Preferred Solutions and Project Sheets).

It is unlikely that every project contained in the TSP will be constructed in the next 20 years. While the TSP does prioritize planned projects, the City may advance projects as opportunities arise. These opportunities could include changes in policy or funding at the federal, state or local level; changes in local development priorities; or public-private or public-public partnerships. The prioritization of projects are intended to be interpreted flexibly to allow the City to make wise investments consistent with the overall vision contained in this TSP.

Given the uncertainty of today's fiscal environment for funding transportation projects, the TSP will provide a prudent and conservative list of capital construction projects, an emphasis on lower cost methods of improving personal mobility within the City, and an increased reliance on technologies that can improve the efficiencies of our streets.

The City's goals and priorities seek to improve the convenience and safety for people driving, walking, biking, and taking transit as well as for the continued support for the economic health and prosperity of the region. Therefore, the highest priority projects for strategic investments are those that (1) protect the existing system and (2) improve the efficiency and safety of existing multimodal facilities. These projects are to be implemented first unless a lower priority measure is demonstrated to be more cost-

effective or is one that better supports safety, growth management, or other livability and economic considerations.

Existing Street Funding

Revenue forecasts from the City provided a basis for extrapolating an estimate of revenues that might be available for transportation projects over the next twenty years. Table 1 summarizes the past five years' street funding revenue and expenditures. As shown, the City only has funds available to address operations and maintenance and has not made any capital investments in transportation facilities. In reviewing Table 1, it is also notable that the City has not been able to keep pace with their maintenance needs so needs additional revenue sources will be necessary in the future to merely maintain their existing system.

Table 1. City of Winston Street Funding Allocations (2017-2021)

Resources	2017	2018	2019	2020	2021
Total Resources	\$855,036	\$1,041,467	\$1,041,501	\$1,137,399	\$1,223,647
Total Expenditures	\$855,036	\$1,041,467	\$1,041,501	\$1,137,399	\$1,223,647
<i>Personnel</i>	\$258,246	\$245,268	\$276,133	\$293,874	\$321,720
<i>Materials & Service</i>	\$128,921	\$120,000	\$149,050	\$167,550	\$175,550
<i>Capital Outlay</i>	\$454,475	\$622,670	\$512,946	\$533,682	\$690,907
<i>Transfers</i>	\$6,754	\$40,249	\$35,092	\$19,783	\$27,000
<i>Contingency</i>	\$0	\$0	\$55,000	\$109,170	\$0
<i>Debt Service</i>	\$6,640	\$13,280	\$13,280	\$13,340	\$8,470
Net	\$0	\$0	\$0	\$0	\$0

Funding Forecast and Potential Revenue Sources

Given that no additional Street Fund revenues will be available during the life of the TSP to fund the preferred project list, the City will need to partner with other agencies, the private development community and pursue alternative funding sources to address the 20-year list of prioritized projects. Possible new funding mechanisms are outlined below.

Local Funding Mechanisms

Table 2 outlines potential funding sources at the local level that either can currently be used to fund future projects or that the City Council may want to consider adopting as a new funding source. The City has used some of these funding mechanisms in the past; others would be new. Inclusion of this table in the TSP does not create a new funding source but rather is intended to the various funding sources that local governments throughout Oregon utilized. In general, local funding sources are more flexible than funding obtained from state or federal grant sources.

Table 2. Potential Local Funding Mechanisms

Funding Source	Description	Potential Application
Street Utility Fees (also called road maintenance fees)	A fee based on the number of automobile trips a particular land use generates; usually collected through a regular utility bill. Fees can also be tied to the annual registration of a vehicle to pay for improvements, expansion, and maintenance of the street system.	System-wide transportation facilities including streets, sidewalks, bike lanes, and shared use paths.
Transportation Systems Development Charge (SDC)	SDCs are impact fees assessed to development for the capacity demand it creates on public infrastructure systems. SDCs may be an improvement fee, a reimbursement fee, or a combination thereof. Reimbursement fee revenues are dedicated to capital projects that increase capacity to meet the needs of growth. SDC credits are provided to developers for public improvements they construct which add capacity to the system beyond that required to serve their development. SDC credits may also be given for development provisions that reduce vehicular capacity demand on the transportation system, such as providing end-of-trip bike facilities within the new development.	The City currently has an SDC program. They may update the SDC to reflect the projects included in the TSP after adoption.
Stormwater SDCs, grants, and loans	SDCs, grants, loans, and stormwater improvement fees can be obtained for improving stormwater management facilities constructed as part of transportation system improvements.	SDCs may only be used for that portion of transportation improvements which generate additional stormwater management capacity related to growth.

Funding Source	Description	Potential Application
Local gas tax	A local tax can be assessed on the purchase of gas within the City. This tax is added to the cost of gasoline at the pump, along with the state and federal gas taxes.	System-wide transportation facilities including streets, sidewalks, and bike lanes.
Incentives	The City provides enticements such as bonus densities and flexibility in design in exchange for a public benefit. Examples might include a commute trip reduction (CTR) program or transit facilities in exchange for bonus densities. Incentives may be used with SDC methods to reduce transportation impacts from new development.	System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.
Public/private partnerships	Public/private partnerships have been used around the country to provide public transportation amenities within the public right-of-way in exchange for operational revenue from the facilities. These partnerships could be used to provide services such as vehicle charging stations, public parking lots, bicycle lockers, or car share facilities.	System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.
Tax Increment Financing (TIF)	TIF is a tool that cities may use to create special districts (tax increment areas) where public improvements are made to generate private-sector development. During a defined period, the City freezes the tax base at the pre-development level. Property taxes for that period can be waived or paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development can go into a special fund created to retire bonds issued to originate the development or leverage future improvements. A number of small-to-medium sized communities in Oregon have implemented, or are considering implementing, urban renewal districts that will result in a TIF revenue stream.	System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.

Funding Source	Description	Potential Application
Streets District	Oregon state law (Oregon Revised Statute [ORS] 371) allows for the formation of special streets taxing districts for purposes of constructing and maintaining streets within the taxing district boundaries. A Streets District would be a separate entity from the City of Redmond, with its own property tax levy rate and an elected board of commissioners. Those within the potential district boundaries must vote on the creation of a Streets District.	Roadway improvement projects.
Revenue and general obligation bonds	Bonding allows municipal and county government to finance construction projects by borrowing money and paying it back over time, with interest. Financing requires smaller regular payments over time compared to paying the full cost at once, but financing increases the total cost of the project by adding interest. General obligation bonds are often used to pay for construction of large capital improvements and must be approved by a public vote. These bonds add the cost of the improvement to property taxes over time.	Construction of major capital improvement projects within the city, street maintenance and incidental improvements.
Reimbursement Districts	Also called Zones of Benefit or Advance Financed Districts, a city determines the boundary of the district. Property owners of new development or large redevelopment permits pay a fee for the installation of public improvements. They then recover some portion of the cost over a period of years (often 15).	Construction of major capital improvement projects within the city (possibly in Study Areas).

State and Federal Grants

In addition to local funding sources, the City can seek to leverage opportunities for funding from grants at the state and federal levels for specific projects. Table 3 outlines state and federal sources and their potential applications.

Potential state funding sources are extremely limited, with some having significant competition. Any future improvements that rely on state funding may require City and regional consensus that these improvements are more important than transportation needs elsewhere in the region and the state. It will likely be necessary to combine multiple funding sources to pay for a single improvement project (e.g., combining state, regional, or City bicycle and pedestrian funds to pay for new bike lanes and sidewalks).

At the federal level, many new grant opportunities are becoming available through the implementation of the recently passed Infrastructure Investment and Jobs Act (IIJA). The City and partner agencies should continue to monitor available funding opportunities through this program.

Table 3. Potential State and Federal Grants

Funding Source	Description	Potential Application
Statewide Transportation Improvement Program (STIP)	STIP is the State of Oregon's four-year transportation capital improvement program. ODOT's system for distributing these funds has varied over recent years. Generally, local agencies apply in advance for projects to be funded in each four-year cycle.	Projects on any facility that meet the benefit categories of the STIP.
Transportation and Growth Management (TGM) Grants	TGM Grants are planning grants administered by ODOT and awarded on an annual basis. The TGM grants are generally awarded to projects that will lead to more livable, economically vital, transportation efficient, sustainable, and pedestrian-friendly communities. The grants are awarded in two categories: transportation system planning and integrated land use/transportation planning.	Refinement of any identified study projects.
All Roads Transportation Safety Program (ARTS)	The federal Highway Safety Improvement Program is administered as ARTS in Oregon. ARTS provides funding to infrastructure and non-infrastructure projects that improve safety on all public roads. ARTS requires a data-driven approach and prioritizes projects in demonstrated problem areas.	Areas of safety concerns within the city, consistent with Oregon's Transportation Safety Action Plan.

Funding Source	Description	Potential Application
Immediate Opportunity Fund (IOF)	<p>This fund is discretionary and provides funding for transportation projects essential for supporting site-specific economic development projects. These funds are distributed on a case-by-case basis in cooperation with the Oregon Economic and Community Development Department. These funds can only be used when other sources of financial support are insufficient or unavailable. These funds are reserved for projects where a documented transportation problem exists or where private firm location decisions hinge on the immediate commitment of road construction. A minimum 50 percent match is required from project applications.</p>	<p>Any identified projects that would improve economic development in the city and where there are documented transportation problems.</p>
Connect Oregon	<p>Lottery-backed bonds distributed to air, marine, rail, transit, and pedestrian and bicycle projects statewide. No less than 10 percent of Connect Oregon funds must be distributed to each of the five regions of the state, if there are qualified projects in the region. The objective is to improve the connections between the highway system and other modes of transportation.</p>	<p>System-wide transportation facilities including shared-use paths and transit.</p>
Oregon Parks and Recreation Local Government Grants	<p>Oregon Parks and Recreation Department administers this program using Oregon Lottery revenues. These grants can fund acquisition, development, and major rehabilitation of public outdoor parks and recreation facilities. A match of at least 20 percent is required.</p>	<p>Trails and other recreational facility development or rehabilitation.</p>
Oregon Transportation Infrastructure Bank (OTIB)	<p>A statewide revolving loan fund is available to local governments for many transportation infrastructure improvements, including highway, transit, and non-motorized projects. Most funds made available through this program are federal; streets must be functionally classified as a major collector or higher to be eligible for loan funding.</p>	<p>Infrastructure improvements to major collectors or higher classified roads for vehicle, transit, and non-motorized travel.</p>

Funding Source	Description	Potential Application
State highway gas tax increase or user fee	ODOT is currently researching a state user fee for drivers to address steady or declining state gas tax revenues. An increase in the state gas tax or a user fee would need to pass through state legislation and would increase the state's transportation funds.	System-wide transportation facilities including streets, sidewalks, bike lanes, and transit.
Multi-modal Active Transportation Fund	This fund invests in multimodal transportation infrastructure improvements across Oregon.	Pedestrian and bicycle-related projects.
Safe Routes to School (SRTS)	SRTS, administered by ODOT, focus on infrastructure and non-infrastructure programs to improve access and safety for children to walk, roll, and/or bike to school.	Pedestrian and bicycle-related projects within the vicinity of local schools.
Community Paths Program	This is a State of Oregon program focused on helping communities create and maintain connections through shared-use paths.	Shared-use paths.
Rebuilding American Infrastructure with Sustainability and Equity (RAISE)	The RAISE Discretionary Grant program invests in road, rail, transit, and port projects that promise to achieve national objectives. RAISE can provide capital funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional Federal programs which provide funding to very specific groups of applicants (mostly State DOTs and transit agencies). The RAISE program provides supplemental funding for grants to the State and local entities listed above on a competitive basis for projects that will have a significant local/regional impact.	Road, rail, transit, and port projects aimed toward national objectives with significant local or regional impact.
Rural Surface Transportation Grant Program	Rural Surface Transportation Grant Program will support projects to improve and expand the surface transportation infrastructure in rural areas to increase connectivity, improve the safety and reliability of the movement of people and freight, and generate regional economic growth and improve quality of life.	Surface transportation infrastructure in rural areas.
Charging & Fueling Infrastructure Grants (Corridor Charging)	Funding that helps deploy electric vehicle (EV) charging and hydrogen/propane/natural gas fueling infrastructure along designated alternative fuel corridors and in communities.	Designated alternative fuel corridors and/or in communities.

Funding Source	Description	Potential Application
Charging and Fueling Infrastructure Grants (Community Charging)	Program funds will be made available each fiscal year for Community Grants, to install EV charging and alternative fuel in locations on public roads, schools, parks, and in publicly accessible parking facilities. These grants will be prioritized for rural areas, low-and moderate-income neighborhoods, and communities with low ratios of private parking, or high ratios of multiunit dwellings.	Public roads, schools, parks, and in publicly accessible parking facilities.
Infrastructure Investment and Jobs Act (IIJA)	The IIJA (aka “Bipartisan Infrastructure Law,” BIL) signed into law in November 2021 includes a five-year (FY 2022-26) reauthorization of existing federal highway, transit, safety, and rail programs as well as new programs (resilience, carbon reduction, bridges, electric vehicle charging infrastructure, wildlife crossings, and reconnecting communities) and increased funding. Oregon will receive over \$4.5 billion over the next five years.	Projects around the state that will benefit drivers, transit riders, cyclists, and pedestrians, and that help maintain roads and bridges, and address climate change.

Next Steps

The funding information summarized in this memorandum will be considered as part of the process to develop a prioritized list of projects for the TSP.