

SALEM

RIVER · CROSSING

Funding Context

March 13, 2007

SKATS

2030 Regional Transportation System Plan

- ◆ Project must be included in plan to be eligible for federal or state funding
- ◆ \$20 million in the funded (fiscally constrained) plan for right-of-way acquisition only
- ◆ Bridge identified as an “outstanding issue”
- ◆ RTSP identifies EIS as the next step

- ◆ Surface Transportation Program (STP)
- ◆ National Highway System (NHS)
- ◆ Highway Bridge Program (HBP)
- ◆ All currently giving priority to maintenance and preservation
- ◆ Earmarks

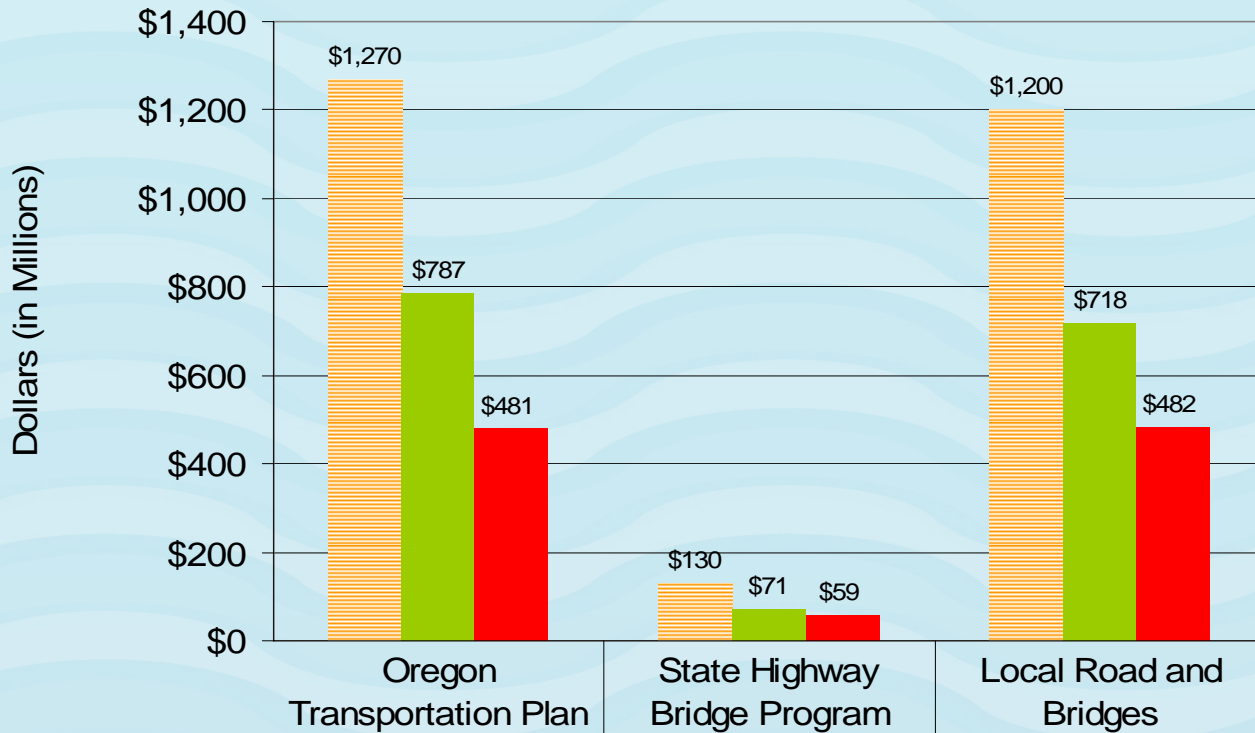
- ◆ Oregon Transportation Plan
 - ◆ Current annual funding is \$786.5 million¹
 - ◆ “Feasible needs” are to maintain existing system and bringing facilities up to standards, which equal \$1.27 billion¹
 - ◆ Annual shortfall of \$480.5 million¹

¹ From Oregon Department of Transportation *Transportation Needs Analysis: 2005-2030 Summary Report* using 2004 dollars

State Sources

- ◆ State Highway Bridge Program
 - ◆ Annual funding is \$71.0 million; need is \$129.6 million
 - ◆ Funding gap of \$58.6 million
- ◆ Local road and bridges
 - ◆ Annual funding is \$718 million; need is \$1 to \$1.2 billion
 - ◆ Funding gap of \$282 to 482 million
- ◆ OTIA III bonds for replacement/rehabilitation only

State Sources Funding Summary



Annual Need	\$1,270	\$130	\$1,200
Annual Funding	\$787	\$71	\$718
Annual Funding Gap	\$481	\$59	\$482
	State Sources		

ODOT Critical Investments

- ◆ Needed to maintain and improve transportation system
- ◆ Some priority projects will be funded if additional funding becomes available.
- ◆ Additional funding unlikely to fully fund these critical investment projects; Salem River Crossing project not included.

Local Sources

- ◆ Federal funding sources require minimum local match
- ◆ Match currently 10%
- ◆ State frequently seeks local contribution

Bond Financing

- ◆ Municipal Bonds
 - ◆ Bonds are a big credit card, not a source of funds
 - ◆ General obligation bonds typically paid from property taxes and require voter approval
 - ◆ Bonds can also be paid with “dedicated sources” such as tolls or other local taxes.

Bond Financing

Annual payment needed for 20-year bonds (\$ millions)

Principal	Annual Payment
\$100	\$7.7
\$150	\$11.5
\$200	\$15.4
\$250	\$19.2

Source: ECONorthwest

Assumes an annual interest rate of 4.5% which is the rate for a recent issue of A-Rated municipal bonds in Oregon

Existing Local Funding Sources

- ◆ Bonds
- ◆ Developer-funded improvements (for specific projects)
- ◆ Urban renewal funds
- ◆ System Development Charges

System Development Charges (SDCs)

- ◆ Applied to new development and substantial expansions of existing buildings
- ◆ Pays for infrastructure to serve growth
- ◆ SDCs set by local officials; levy limited by State law
 - ◆ 50% increase in Salem/Kaiser/Marion County would generate \$/year
 - ◆ 100% increase would generate \$/year

Potential New Funding Sources

- ◆ Fuel tax
- ◆ Vehicle registration surcharge
- ◆ Transportation utility fees
- ◆ Property taxes
- ◆ Tolls
- ◆ Public private partnership

Local Fuel Tax

- ◆ How: assessed at pump in addition to State and Federal taxes
- ◆ Local fuel taxes in Oregon range between \$0.01 and \$0.05 per gallon

Local Fuel Tax

Estimate of revenue generated per penny of fuel tax

Jurisdiction	Annual Revenue Per Penny Tax
Salem	\$636,000
Keizer	\$150,000
Salem + Keizer	\$786,000
Marion County	\$1,305,000
Polk County	\$284,000
Marion + Polk County	\$1,589,000
Source: EcoNorthwest	

Vehicle Registration Surcharge

Potential revenue from a \$10 vehicle surcharge in Marion and Polk Counties

County	Registered Vehicles	Annual Revenue
Marion	309,642	\$1,548,000
Polk	71,377	\$356,000
Marion + Polk	381,019	\$1,905,000

Source: Oregon Department of Transportation, Driver and Motor Vehicles Division and ECONorthwest

Transportation Utility Fees (TUF)

- ◆ Monthly charge assessed on properties based on average number of trips generated by type of land use
- ◆ Usually reserved for maintenance and preservation projects; can free up funds for capital projects
- ◆ TUFs in Oregon cities range from \$3 (Corvallis) to \$66 (Medford) per capita; average of \$28.

Potential TUF Revenue

Potential TUF Revenue from a per capita rate of \$28		
Jurisdiction	2005 Population	Annual Revenue
Salem	147,250	\$4,123,000
Keizer	34,735	\$973,000
Salem + Keizer	181,985	\$5,096,000
Marion County	302,135	\$8,460,000
Polk County	65,670	\$1,839,000
Marion + Polk	367,805	\$10,299,000
Note: TUF rates based on trip generation; actual residential rates likely to be lower		

Property Tax Levy

- ◆ Used to fund General Obligation (GO) municipal bonds
- ◆ Authorized by popular vote
- ◆ Property tax rates are dollars per thousand of assessed value

Property Tax Levy Needed to Generate Desired Annual Revenue

Desired Annual Revenue (\$ millions)	\$5	\$10	\$15	\$20
Jurisdiction to be taxed	Property tax levy needed (dollars per thousand assessed value)			
Salem only	0.63	1.27	1.90	2.53
Keizer only	3.03	6.06	9.09	12.12
Both Salem & Keizer	0.52	1.05	1.57	2.09
Marion County only	0.32	0.64	0.96	1.28
Polk County only	1.42	2.84	4.27	5.69
Both Marion & Polk	0.26	0.52	0.78	1.04

Tolls

- ◆ Used on other Oregon bridges (Hood River, Cascade Locks)
- ◆ To be used for new Tacoma Narrows Bridge (WA)
- ◆ To minimize congestion and delay from drivers avoiding toll, need to charge tolls on existing bridges too
- ◆ Legislature may limit tolling in the future.

Potential Toll Revenue

Potential Annual Toll Revenue (\$ Millions) from current (2004) traffic (one rate, all hours)

One-way Vehicle Toll	\$0.50	\$1.00	\$2.00
Revenue ¹	\$13.9	\$27.9	\$55.7

¹ Based on 2004 annual average daily traffic volumes. Does not include costs of collection.

Public Private Partnerships

- ◆ Oregon Innovative Partnership Program (OIPP)
 - ◆ Allows ODOT to enter into an agreement with private sector businesses and local governments
 - ◆ Goal of OIPP is to expedite the construction of critically needed infrastructure
 - ◆ Private sector business would need a return on investment
 - ◆ Tolls would be the most likely source of revenue

Preliminary Estimate of Rates and Fees (Marion/Polk Counties)

Project costs (\$ millions)	\$100	\$150	\$200	\$250
Annual payment (\$ million) on 20-year bond	\$7.7	\$11.5	\$15.4	\$19.2
Fuel tax (\$ per gallon), <i>or</i>	\$0.05	\$0.07	\$0.10	\$0.12
Vehicle Registration Fee (\$ per vehicle per year), <i>or</i>	\$20	\$30	\$40	\$50
Property tax levy (\$ per \$1,000 assessed value), <i>or</i>	\$0.40	\$0.60	\$0.80	\$1.00
Tolls (\$ one-way)	\$0.28	\$0.42	\$0.56	\$0.70

Preliminary Estimate of Rates and Fees (Salem/Kaiser)

Project costs (\$ millions)	\$100	\$150	\$200	\$250
Annual payment (\$ millions)	\$7.7	\$11.5	\$15.4	\$19.2
Fuel tax (\$ per gallon), <i>or</i>	\$0.10	\$0.15	\$0.20	\$0.25
Transportation utility fee (\$ per month per household), <i>or</i>	\$14	\$21		
Property tax levy (\$ per \$1,000 assessed value), <i>or</i>	\$0.80	\$1.200	\$1.60	\$2.00
Tolls (\$ one-way)	\$0.28	\$0.42	\$0.56	\$0.70

Closing thoughts

- ◆ A sound path to funding is to use local sources
- ◆ Likely strategy will include a mix of sources

Next Steps

- ◆ Finance Strategy Development and Evaluation
 - ◆ More detailed analysis of tolling
 - ◆ Fact Sheets on (up to 12) potential revenue sources
 - ◆ Stakeholder interviews
 - ◆ Finance workshop
 - ◆ Finance report

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