

Draft Technical Memorandum #9:
Preferred and Financially Constrained Plan
Attachment F
Potential Additional Transportation Funding Sources

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There is a significant disparity between the total cost of the projects identified in the 2035 TSP and the projected revenues yet there is a community desire to enjoy a transportation system that includes enhanced pedestrian and bicycle facilities, reduces vehicle travel, and increases transit service and amenities. Those objectives can be better achieved through considering alternative ways to fund and promote these initiatives. Alternative funding sources to consider include any combination of those summarized in Table C.1.

Table C.1 Alternative Funding Sources

Funding Source	Description	Benefits
User Fee	Fees tacked onto a monthly utility bill or tied to the annual registration of a vehicle to pay for improvements, expansion, and maintenance to the street system. This may be a more equitable assessment given the varying fuel efficiency of vehicles. Regardless of fuel efficiency, passenger vehicles do equal damage to the street system. The cost of implementing such a system could be prohibitive given the need to track the number of vehicle miles traveled in every vehicle. Additionally, a user fee specific to a single jurisdiction does not account for the street use from vehicles registered in other jurisdictions.	Primarily Street Improvements
Street Utility Fees/Road Maintenance Fee	The fee is based on the number of trips a particular land use generates and is usually collected through a regular utility bill. For the communities in Oregon that have adopted this approach, it provides a stable source of revenue to pay for street maintenance allowing for safe and efficient movement of people, goods, and services.	System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails
Local Fuel Tax	A local tax assessed on fuel purchased within the jurisdiction that has assessed the tax. Some would argue that this tax is unfair given the increased fuel efficiency of today's vehicles. On the other hand, the tax could potentially generate revenue while encouraging fuel efficiency and lessening impacts to the environment.	Primarily Street Improvements
Systems Development Charges (SDCs)	Sometimes referred to as a transportation impact fee, SDCs are fees assessed on development for impacts created to public infrastructure. For example, Washington County implemented a transportation development tax in 2008 to replace their transportation impact fee. A transportation development tax is based on the estimated traffic generated. All revenue is dedicated to transportation capital improvements designed to accommodate growth. SDCs do generate revenue when the economy is doing well, and development is occurring. SDCs should not be considered a reliable source of income given the volatility of today's markets. Even when stable, some would argue that SDCs are not equitable because they are sometimes assessed in locations where services are already available. Nevertheless, they are an accepted source of revenue for many cities in Oregon, and help to offset the cost of new construction on public infrastructure. SDCs should be evaluated on a regular basis to ensure that they are proportional to the impacts created by new development.	System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails Transit Facilities and Vehicles

Funding Source	Description	Benefits
	<p>SDC credits can encourage private development to provide small-scale public improvements that can be constructed by the private sector at a smaller cost. For example, an SDC credit might be given for providing end-of-trip bike facilities within the new development. Eligible projects are on major roads, including sidewalks and bike lanes, as well as transit capital projects.</p>	
<p>Stormwater SDCs, Grants, and Loans</p>	<p>Systems Development Charges, Grants, and Loans obtained for the purposes of making improvements to stormwater management facilities. Some jurisdictions in Oregon have used these tools to finance the construction and maintenance of Green Streets, and should be considered as an alternate funding source for Green Streets in Ashland.</p>	<p>Primarily street improvements</p>
<p>Local Sales Tax</p>	<p>A tax assessed on the purchase of goods and services within a specific location. A sales tax could be assessed only on auto-related goods and services to generate revenue for transportation-related improvements.</p>	<p>System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails Transit</p>
<p>Optional Tax</p>	<p>A tax that is paid at the option of the taxpayer to fund improvements. Usually not a legislative requirement to pay the tax and paid at the time other taxes are collected, optional taxes are usually less controversial and easily collected since they require the taxpayer to decide whether or not to pay the additional tax.</p>	<p>System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails Transit</p>
<p>Parking In-lieu Fees</p>	<p>Fees that are assessed to developers that cannot or do not want to provide the parking for development.</p>	<p>System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails Transit</p>
<p>Sponsorship</p>	<p>Financial backing of a public-interest program or project by a firm, as a means of enhancing its corporate image. This has been used by local transit providers to help offset the cost of providing transit services and maintaining transit related improvements.</p>	<p>Transit Facilities</p>
<p>Incentives</p>	<p>An enticement 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.</p>	<p>System-wide transportation facilities including: Streets Sidewalks Bike lanes Trails Transit</p>
<p>Congestion Pricing</p>	<p>Competitive pricing of public facilities to discourage non-essential trips during peak travel times and encouraging alternative forms of transportation. Congestion pricing is also a tool that can be used for parking management. Congestion pricing is basically a toll applied to drivers who drive or park within a designated area or on a designated facility during periods of heavy congestion. In some cases, such as parking, higher fees are imposed in certain areas to discourage long term use. Similar variable charges have been successfully utilized in other industries—for example, airline tickets, cell phone rates, and electricity rates.</p>	<p>Primarily street improvements</p>
<p>Public/Private Partnerships</p>	<p>Rarely used for transportation facilities, public/private partnerships are agreements between public and private partners that can benefit from the same improvements.</p>	<p>System-wide transportation facilities including: Streets</p>

Funding Source	Description	Benefits
	They have been used in several places 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 charging stations, public parking lots, bicycle lockers, or carshare facilities.	Sidewalks Bike lanes Trails Transit
Tax Increment Financing (TIF)	A tool cities use to create special districts (tax increment areas) and to make public improvements within those districts that will generate private-sector development. During a defined period, the tax base is frozen at the predevelopment level. Property taxes for that period can be waived or continue to be paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development either 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 Trails Transit

Table C.1 is not an all-inclusive list of alternative funding. Each of these financing tools requires focused research to ensure that it is the right fit for the community, and can be closely matched with achieving the objectives of the TSP update.

RECOMMENDATIONS FOR SDC UPDATES

If the City chooses to continue collecting non-multi-modal SDCs for development, then it should also evaluate the existing rates. Typically, in other jurisdictions in Oregon, Systems Development Charges account for approximately 10 to 12 percent of revenues that are applied towards the improvement and maintenance of streets. This has not been the case in Ashland since 2007. Prior to 2007, the Systems Development Charges that have been collected by the City accounted for a higher percentage of revenue within the street fund. In the next fiscal year, they will account for less than 1 percent of the revenue in the Street Fund.

Street Fund revenues for the 2011 fiscal year are 63 percent higher than in 2005 when SDCs accounted for approximately 12 percent of the revenues. Since 2008, it would make sense that the revenue generated from SDCs would be lower given the decline in the economy, and the overall lull in construction activity, but revenues generated from SDCs began decreasing well before the 2008 market declines. This trend would suggest that it may be time for the City to evaluate its SDC program to ensure that new construction helps to pay for the impacts that it creates. Several cities in Oregon increase their SDCs annually to keep current with the cost of inflation. Ashland should consider doing the same to ensure that the SDC program continues to pay for the true costs of maintaining and improving its transportation system. SDC's should be considered not only for the street system and location specific

capacity improvements. This can be revenue stream to meet community-wide multimodal transportation system goals. From that perspective, funding could emphasize providing city wide pedestrian connectivity through continuous and standard sidewalks (e.g. fill in the gaps where needed), public trails development, enhanced bicycle facilities, enhanced pedestrian facilities on collector and arterial streets, and transit stop amenities beyond those provide by RVTD. The possibility of using SDC credits to encourage private development to meet some of these objectives was previously noted.

A last recommendation is for the City to consider the full-time or half-time dedication of a single employee's time to identifying and pursuing innovative funding through local, state, federal, and private grants that may be available to small- to medium-sized cities. The programs and objectives that the City is seeking to achieve with this update will undoubtedly make them more competitive and potentially provide them with an edge over other similar sized jurisdictions that are not making the progressive strides that are sought by this TSP update.