

## **Section 8    Transportation Funding Plan**



## 8 TRANSPORTATION FUNDING PLAN

Financing the improvement needs identified in Section 7 will be a formidable challenge; however, there are a variety of options available to fund transportation improvements within St. Helens. This section identifies funding sources that have contributed to projects within St. Helens over the past five years and forecasts potential future revenue the City may generate. Because the existing funding sources will not meet the projected transportation needs, potential additional funding sources are also highlighted.

It should be recognized that the inclusion of proposed projects and actions in this plan does not obligate or imply obligations of funds by any jurisdiction for project-level planning or construction. Instead, the inclusion of proposed projects and actions serves as an opportunity for the, to be included, if appropriate, in the State Transportation Improvement Program (STIP) and the City of St. Helens Capital Improvement Program. Such inclusion is not automatic, but it is incumbent on the State, City of St. Helens, Columbia County, and the general public to take action to encourage and support inclusion of projects in the STIP or the CIP at the appropriate time. Because a project must have identified funding to be included in the STIP or CIP, the ultimate number of projects that can be included in these documents is constrained by available funding.

### Historical Transportation Funding

Key funding sources that have contributed to transportation projects within the city over the past five years are summarized below.

#### TRANSPORTATION SYSTEM DEVELOPMENT CHARGES

A transportation system development charge (SDC) is a one-time fee imposed on new development (and some types of re-development) at the time of building permit issuance. The fee is intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve new growth. The City's existing transportation SDCs are based on projected trip generation by land use. More specifically, new development is charged by adjusted daily trip ends (daily trip-ends adjusted for diverted linked trips) at a rate of \$402 per trip. The existing residential transportation SDCs are shown in Table 8-1 (commercial development SDC assessments vary by land use type).

TABLE 8-1: EXISTING TRANSPORTATION SDC

Building Type	Average Daily Trips	Pass-By Trip Factor	SDC Assessment
Single Family	9.57	1	\$3,847
Apartment	6.72	1	\$2,701

Revenue generated from SDCs is required to be spent on qualified projects identified in the City's Capital Improvement Plan, which relies heavily on the implementation plan outlined in the City's Transportation System Plan. While the total costs associated with some projects qualify for SDC revenue, others are only partially covered by the program. The remainder of those project costs are financed with other revenue sources. The City should update the current SDC program to reflect the projects identified in Section 7 and a new six-year capital plan.

#### COLUMBIA COUNTY SDC PROGRAM

Columbia County also has a SDC Ordinance based on the "Feasibility and Implementation of System Development Charges: Parks & Transportation" report. Section IV - SDC Application in the Urban Growth Areas (UGA) of the County report states, "The identified "service provider" would be the recipient of related system development charges collected on its behalf in the UGA."

The City of St. Helens and Columbia County are in the process of clarifying, through urban services agreements, who is the "service provider" of transportation and park facilities in the UGA. The service provider of the facility would be the recipient of the SDC's. Accordingly, either the County or the City would be the recipient of the SDC's for both Parks and Transportation, and those SDC's would only be spent in the UGB.

It is recommended that the County and City collaborate on an updated SDC program to meet the local transportation needs. The two agencies may want to consider developing and adopting a joint-area transportation SDC that addresses SDC assessments within the City UGB. Funds collected could then be allocated to projects within the joint SDC area. Clackamas County and the City of Happy Valley have a joint transportation SDC program that may serve as a model for Columbia County and St. Helens to consider.

#### FEE IN LIEU FUNDS

Fee in Lieu of Construction funds could be collected from developers when required frontage improvements cannot be provided for reasons deemed acceptable by the City Engineer. For example, street trees, sidewalks or other features may not be possible in some locations due to topographic or

geologic constraints and a fee in lieu could be assessed. The collected fees could be aggregated and used by the City of St. Helens to construct transportation infrastructure improvements that benefit the community.

## STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM

The Oregon Statewide Transportation Improvement Program (STIP - Reference 17) is the state's four-year transportation improvement program for state and regional transportation systems, including federal land and Indian reservation road systems, interstate, state, and regional highways, bridges, and public transportation. It covers all state and federally-funded system improvements for which funding is approved and that are expected to be undertaken during a four-year period.

The current STIP identifies projects funded during the 2010-2013 period throughout the state of Oregon, including one project in St. Helens. The project involves improvements to Columbia Boulevard between US 30 and North 1<sup>st</sup> Street that are already underway, including: grinding and resurfacing the roadway, removal and reconstruction of sidewalks, and installation of new curb and gutter. The draft STIP identifies a \$264,000 design/construction cost and commencement in 2010.

## OTHER REVENUE SOURCES

Table 8-2 displays the total revenue by source used to fund transportation projects within the city over the past five years.

TABLE 8-2: REVENUE SOURCE HISTORY

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Average
Motor Vehicle Tax	\$560,000	\$555,700	\$525,200	\$470,900	\$510,400	\$524,400
State Grants	\$47,400	\$0	\$0	\$537,700	\$105,900	\$138,200
System Development Charges	\$376,400	\$160,200	\$229,900	\$55,500	\$88,000	\$182,000
Other <sup>1</sup>	\$14,300	\$17,600	\$11,200	\$4,100	\$14,200	\$12,300
<b>Total Revenue</b>	<b>\$998,100</b>	<b>\$733,500</b>	<b>\$766,300</b>	<b>\$1,068,200</b>	<b>\$718,500</b>	<b>\$856,900</b>

FY=Fiscal year

<sup>1</sup> Other revenue sources generally include miscellaneous revenue, donations, and interest.

Based on the information shown in Table 8-2, St. Helens has generated an average of approximately \$856,900 per year in total revenue for transportation related projects. Also shown, the largest revenue sources for the city have traditionally been the motor vehicle tax and the SDC, representing

approximately 90 percent of total revenue over the last five-year period. SDCs will likely increase again following the economic recovery and continue to be a viable source for city revenue.

## EXPENDITURE HISTORY

Table 8-3 displays the total expenditures on transportation related projects within St. Helens over the last five years.

TABLE 8-3: EXPENDITURE HISTORY

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Average
Street Lighting	\$106,600	\$102,000	\$103,800	\$95,300	\$60,800	\$93,700
Street Signs	\$6,400	\$5,000	\$6,900	\$6,400	\$12,800	\$7,500
Road Paving	244,000	\$0	\$592,300	\$491,500	\$5,700	\$266,700
Sidewalk Projects	\$0	\$0	\$0	\$0	\$163,700	\$32,700
Bicycle Path Construction	\$0	\$0	\$16,300	\$155,400	\$193,700	\$73,100
Consulting Services	\$11,400	\$31,000	\$26,500	\$39,300	\$88,100	\$39,300
Construction Expenses	\$73,100	\$4,700	\$313,000	\$0	\$19,800	\$82,100
Equipment Purchases	\$0	\$31,900	\$284,100	\$96,900	\$159,600	\$114,500
<b>Total Capital Expenditures</b>	<b>\$441,500</b>	<b>\$174,600</b>	<b>\$1,342,900</b>	<b>\$884,800</b>	<b>\$704,200</b>	<b>\$709,600</b>
<b>Total Other Expenditures<sup>1</sup></b>	<b>\$287,000</b>	<b>\$299,700</b>	<b>\$292,200</b>	<b>\$306,300</b>	<b>\$346,100</b>	<b>\$306,300</b>
<b>Total Expenditures</b>	<b>\$728,400</b>	<b>\$474,200</b>	<b>\$1,635,100</b>	<b>\$1,191,100</b>	<b>\$1,050,200</b>	<b>\$1,015,800</b>

<sup>1</sup> Other expenditures include general maintenance and overhead costs.

Based on the information shown in Table 8-3, the City of St. Helens has spent an average of \$709,600 per year on capital improvement projects (or approximately 70 percent of available resources) and \$306,300 on maintenance and overhead (or approximately 30 percent of available resources). The information shown in Tables 8-2 and 8-3 were used to project the availability of future funding for transportation improvement projects as described below.

## PROJECTED TRANSPORTATION FUNDING

Table 8-4 provides a summary of the potential future project funding (in year 2010 dollars) over the next five, ten, and twenty years based on an assumed average funding level of approximately \$857,000 per year.

TABLE 8-4: FUTURE TRANSPORTATION FUNDING

Revenue Source	Average Annual	5-Year Forecast	10-Year Forecast	20-Year Forecast
Total Revenue	\$857,000	\$4,286,600	\$8,569,300	\$17,138,600
Revenue For Capital Improvements (70%)	\$598,600	\$2,992,800	\$5,985,700	\$11,971,400
Revenue for Operations and Maintenance (30%)	\$258,400	\$1,291,800	\$2,583,600	\$5,167,200

As shown in Table 8-4, it is anticipated that approximately \$17.1 million will be available for transportation project funding over the next 20 years using existing funding sources. Approximately \$12.0 million of the 17.1 million can reasonably be assumed to be available for funding the transportation plan while the remaining \$5.1 million will be needed for operations and maintenance.

TABLE 8-5: ESTIMATED TRANSPORTATION IMPROVEMENT COSTS

Type	Short-Term	Mid-Term	Long-Term	Total
Roadway	\$132,000	\$7,191,000	\$28,693,000	\$36,016,000
Bicycle	\$4,049,000	\$2,730,000	\$1,853,000	\$8,632,000
Pedestrian	\$9,707,000	\$2,931,000	\$3,723,000	\$16,361,000
<b>Total</b>	\$13,888,000	\$12,852,000	\$36,036,000	\$62,776,000
<b>Available</b>	\$2,992,800	\$2,992,800	\$5,985,600	\$11,971,200
<b>Funding Shortfall</b>	\$10,895,200	\$9,859,200	\$30,050,400	\$50,804,800

Based on the estimated projected funding available and the estimated costs of the transportation improvement projects included in Section 7, the City will need to identify additional funding sources to pay for transportation improvements over the next 20 years.

## Potential Funding Sources

The remainder of this section provides an overview of funding and financing options that are available for consideration and may be of interest to the City of St. Helens. Funding describes methods that generate revenue for transportation projects, while financing refers to how projects are paid for over time. For each of the funding options listed below, there is a brief description and a short discussion. No effort has been made to screen funding options according to their political or legal feasibility. The funding environment is dynamic so the list shown should not be considered exhaustive.

## FEDERAL RESOURCES

### SAFETEA-LU<sup>13</sup>

The current federal transportation funding bill is the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (commonly known by its acronym, SAFETEA-LU), which authorizes funding for the nation's surface transportation programs. It was signed into law in August 2005 and replaced the expired Transportation Equity Act for the 21st Century (TEA-21). The law establishes funding levels and policies for the federal government's highway, highway safety, transit, motor carrier, and some rail programs administered by the U.S. Department of Transportation (DOT). Funds to local agencies within the State of Oregon are primarily allocated by the Oregon Department of Transportation (ODOT) unless dedicated to a local agency through a specific project earmark. SAFETEA-LU expired on September 30, 2009 and has since been operating on congressionally authorized extensions. Congress is currently debating development of a new transportation funding bill to replace SAFETEA-LU; however the timing for approval of a new six-year funding package is unknown.

**Potential:** The potential for St. Helens to take advantage of the next bill will likely be through lobbying to get their projects on the next ODOT STIP and applying for funds dedicated to specific types of projects, such as pedestrian and bicycle projects or downtown revitalization, for local agencies. No specifics are available at this time to what the future bill may include or how much funding will be available for local agencies.

### Community Development Block Grants (CDBG)

Community Development Block Grants (CDBG) are offered through the Federal Department of Housing and Urban Development. To receive CDBG funds, cities must compete for grants based upon a formula that includes factors such as rural/urban status, demographics, local funding match, and potential benefits to low-to-moderate income residents, including new job creation. CDBG funds can also be used for emerging public work needs.

**Potential:** In small rural communities this program has limited application but may be a source of street funds for roads serving new developments supporting job creation or multifamily housing. CDBG funding requests should be coordinated through Columbia County.

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<sup>13</sup> Source: <http://www.oregon.gov/ODOT/HWY/SAFETEA-LU.shtml>





funding allocation for street maintenance; however it could be used for other types of projects such as pedestrian and bicycle projects.

The state currently distributes approximately 16 percent of the State Motor Vehicle Fund to cities and 24 percent to counties based on a per capita rate (cities) and vehicle registration (counties)<sup>16</sup>. The remaining amount in the State Motor Vehicle Fund is used to maintain and enhance the state highway system. The state operates a grant program available to cities for bicycle-related transportation system improvements and one percent of the fuel tax returned to cities and counties is designated for bike paths and lanes.

**Potential:** With an increase in population, number of registered vehicles, and fuel sales, the total revenue from the State Motor Vehicle Fund will rise but if the fees (tax per gallon) remain at current levels, there will be a reduction in buying power due to inflation. The gas tax will however continue to be a source of funds for the City of St. Helens through ODOT for highway and pedestrian and bicycle projects.

#### **Special Public Works Funds (SPWF) and Immediate Opportunity Funds (IOF) — Lottery Program**

**Description:** The State of Oregon, through the Economic and Community Development Department (OECD), provides grants and loans to local governments to construct, improve, and repair public infrastructure in order to support local economic development and create new jobs.

**Existing Application:** SPWF and IOF funds have been used in a number of cities for the construction of water, sewer, and limited street improvements.

**Potential:** These funds are limited to situations where it can be documented that a project will contribute to economic development and family-wage job creation. An example of the application of these funds in St. Helens may be for street improvements along Columbia Boulevard and St. Helens Street such as medians, landscape strips, curb extensions, and sidewalks to better facilitate access to businesses located on both sides of the streets and facilitate walking trips for customers accessing downtown retail businesses. Funding applications should be coordinated with Columbia County, OECD, and ODOT.

#### **State Bicycle-Pedestrian Grants**

**Description:** ODOT's Bicycle and Pedestrian Program administers two grant programs to assist in the development of walking and bicycling improvements: local grants and Small-Scale Urban Highway Pedestrian Improvement (SUPI) programs. For both these grants, cities that have adopted plans with

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<sup>16</sup> Source: [http://governor.oregon.gov/ODOT/CS/FS/hwy\\_rev.shtml](http://governor.oregon.gov/ODOT/CS/FS/hwy_rev.shtml)

identified projects will be in the best position to secure grant funds. Cities and counties can apply for local grants for bicycle and pedestrian projects within the right-of-way of local streets. Local grants up to \$100,000 are shared 80 percent State and 20 percent local. Projects that consider the needs of children, elderly, disabled, and transit users are given special consideration.

To apply, there must be support for the project from local elected officials. Applications for the Local Grant program are mailed out to all Oregon jurisdictions every other year. In the SUPI process, cities and counties help ODOT identify sections of urban highways where improvements are needed. Examples of eligible projects include:

- completing short missing sections of sidewalks;
- ADA upgrades;
- crossing improvements (e.g., curb extensions, refuges, crosswalks); and,
- intersection improvements (e.g., islands and realignment).

SUPI projects are located on highways that have no modernization projects scheduled for the foreseeable future. Projects that have a local funding match are typically viewed the most favorably because this indicates strong local support. Projects on highways that cost more than \$100,000, require right-of-way, or have environmental impacts need to be submitted to ODOT for inclusion in the STIP. Cities and counties can apply annually for bike path or sidewalk grants of projects they have selected. Grants for projects on local street systems have a match of 20 percent and projects next to state highways have a lower match requirement. Bicycle-pedestrian grants are generally below \$125,000 per project. Project evaluation and selection is made annually statewide by the Statewide Bicycle/Pedestrian Committee.

**Potential:** Communities throughout Oregon have successfully received these grants for bicycle and sidewalk improvements. St. Helens may be able to do the same.

#### **ODOT Enhancement Program<sup>17</sup>**

**Description:** The Transportation Enhancement program provides federal highway funds for projects that strengthen the cultural, aesthetic, or environmental value of the transportation system. The funds are available for twelve “transportation enhancement activities,” that are categorized as:

- Pedestrian and bicycle projects;
- Historic preservation related to surface transportation;

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<sup>17</sup> Source: <http://www.oregon.gov/ODOT/HWY/LGS/enhancement.shtml>

- Landscaping and scenic beautification; and
- Environmental mitigation.

**Existing Application:** The Enhancement Program funds special or additional activities not normally required on a highway or transportation project. So far, Oregon has funded more than 190 projects for a total of \$97 million.

**Potential:** The City of St. Helens could seek Enhancement Program funds for bicycle and sidewalk projects including the recommended multi-use path along Old Portland Road.

#### State Parks Funds<sup>18</sup>

**Description:** Recreational Trails Grants are national grants administered by the Oregon Parks and Recreation Department (OPRD) for recreational trail-related projects, such as hiking, running, bicycling, off-road motorcycling and all-terrain vehicle riding.

**Existing Application:** OPRD distributes more than \$4 million annually to Oregon communities for outdoor recreation project, and has awarded more than \$40 million in grants across the state since 1999. Grants can be awarded to non-profits, cities, counties, and state and federal agencies.

**Potential:** Funding is primarily intended for recreational trail projects, so the City of St. Helens could seek funding for the completion of the Dalton Park or Waterfront Trail systems.

#### LOCAL FUNDING OPTIONS

The following local funding programs are commonly used by cities in the funding of transportation improvements.

##### General Obligation Bonds (G.O. Bonds)

**Description:** Bonds are often sold by a municipal government to fund transportation (or other types) of improvements, and are repaid with property tax revenue generated by that local government. Under Oregon Measure 50, voters must approve G.O. Bond sales with at least a 50 percent voter turnout.

**Existing Application:** Cities all over the state use this method to finance the construction of transportation improvements. For smaller jurisdictions, the cost of issuing bonds vs. the amount that they can reasonably issue creates a problem. Underwriting costs can become a high percentage of the total cost for smaller issues. According to a representative of the League of Oregon Cities, the state is

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<sup>18</sup> Source: <http://www.oregon.gov/OPRD/GRANTS/trails.shtml>

considering developing a “Bond Pool” for smaller jurisdictions. By pooling together several small bond issues, they will be able to achieve an economy of scale and lower costs.

**Potential:** Within the limitations outlined above, G.O. bonding can be a viable alternative for funding transportation improvements when focused on specific projects.

#### **Serial Levy/Property Taxes within the Limits of Ballot Measure 50**

**Description:** Local property tax revenue (city or county) could be used to fund transportation improvements through a serial bond levy.

**Existing Application:** Revenue from property taxes ends up in the local government general fund where it is used for a variety of purposes. Precedents for the use of property taxes as a source of funding for transportation capital improvements can be found throughout the state. However, with the limitations resulting from Measure 50, use of property taxes for transportation capital improvements will continue to compete with other general government services under the three percent assessed value increase allowed by Measure 50 and the local tax limits of \$15 per \$1,000 of assessed value established under Measure 5. Under Measure 50, however, there is no limit on assessed value generated by new construction.

**Potential:** Because the potential for increased funding from property tax revenue is limited by Ballot Measures 5 and 50 and by competition from other users who draw funds from the general fund, serial levies and/or property taxes are not practical sources for financing major local street improvements but could finance a package of minor improvement projects.

#### **Local Street Utility/User Fee**

**Description:** This maintenance fee is premised on viewing public streets as utilities used by citizens and businesses similar to a public water or sewer system. Fees are typically assessed by usage (e.g., average number of vehicle trips per property).

**Existing Application:** Many Oregon cities assess street user fees through a monthly fee charged to local dwelling units and businesses. The assessment formulas range from a flat rate per dwelling unit and per business to fees tied to trip rates calculated for each property individually based on the Institute of Transportation Engineers Trip Generation. For example, the City of Hillsboro charges a flat fee of \$3.10 per residential unit, while businesses government agencies, schools, and non-profits are assessed based on the number of trips generated by their employees, vendors and customers. By comparison, the City of Oregon City charges single-family residential properties \$4.50 per month the

first year and gradually increases the fee over the next five years to \$11 per month. The revenues generated by these fees are used for operations and maintenance (as opposed to capital projects).

**Potential:** In St. Helens, a \$5.00 monthly fee charged to the estimated 5,299 households would generate approximately \$317,940 per year in revenue from residential uses alone. As households grow to an estimated 7,089 in 2031, revenues would grow to \$425,340 annually. The ability to use these fees for capital projects, including pedestrian and bicycle projects should be explored.

#### **Local Improvement District (LID)**

**Description:** Under a local improvement district (LID), a street or other transportation improvement is built and the adjacent properties that benefit are assessed a fee to pay for the improvement.

**Existing Application:** LID programs have wide application for funding new or reconstructed streets, sidewalks, water/sewer or other public works projects. The LID method is used primarily for local or collector roads, though arterials have been built using LID funds in certain jurisdictions.

**Potential:** LIDs continue to offer a good mechanism for funding projects such as new sidewalks and street surface upgrades. The City of St. Helens may be able to fund the cost of sidewalks on collector streets to provide a connected pedestrian system for current and future residents in the previously developed areas of the city lacking sidewalks. Similarly, an LID could be used to enhance the Old Portland Road corridor or upgrades to the Columbia Boulevard/St. Helens Street couplet.

#### **Urban Renewal District**

**Description:** An Urban Renewal District is an area that is designated by a community as a “blighted area” to assist in revitalization. Funding for the revitalization is provided by urban renewal taxes that are generated by the increase in total assessed values in the district from the time it was first established.

**Existing Application:** Urban Renewal Districts have been formed in over 50 cities in Oregon, generally focused on revitalizing downtowns.

**Potential:** Urban Renewal dollars can be used to fund infrastructure projects such as roadway, sidewalk, or transit improvements. Because funding relies on taxes from future increases in property value, the City of St. Helens may seek to create a District where such improvements will likely result in such an increase (for example, along the riverfront).

**Developer Dedications of Right-of-Way and Local Street Improvements**

**Description:** New local streets required to serve new development areas are provided at the developer's expense in accordance with the tentative and final plan approvals granted by the City Council.

**Existing Application:** Current City ordinance requires local streets and utilities to be provided in accordance with the adopted Land Use Plan, and the zoning ordinance and subdivision ordinance. This includes dedication of street/utility right-of-way and construction of streets, pedestrian/bicycle facilities, and utilities to City design standards.

**Potential:** Private developer street dedications are an excellent means of funding new local street/utility extensions, and are most effective if guided by a local roadway network plan. This funding mechanism could apply to all new local street extensions in St. Helens within the 20-year planning period.

**SAFE ROUTES TO SCHOOL PROGRAMS<sup>19</sup>**

**Description:** The Oregon Safe Routes to School (SRTS) Program administers federal funds received from the 2005 SAFETEA-LU transportation bill. The Oregon program received over \$5 million in federal funds through the initial 2005-2009 period for projects at schools serving grades K-8.

The national Safe Routes to School Program has not been reauthorized but is operating on a continuing resolution. \$2.2 million infrastructure funds are available for construction for 2012-2013. The call for applications opened October 1, 2010.

The goals of the program are to increase the ability and opportunity for children to walk and bicycle to school, promote walking and bicycling to school and encourage a healthy and active lifestyle at an early age, and facilitate the planning, development and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption and air pollution within two miles of a given school.

**Potential:** The two types of project that can receive funding through the SRTS program include infrastructure projects within two miles of a school, and non-infrastructure activities such as education, encouragement, and traffic enforcement activities within two miles of a school.

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<sup>19</sup> Source: <http://www.oregon.gov/ODOT/TS/saferoutes.shtml>

Infrastructure projects chosen for funding are selected through a statewide competitive process based on written applications and field review. Local matching funds are not required to receive SRTS funds. For St. Helens to pursue SRTS funding, the local school district will first have to complete a survey of its parents and students as part of a SRTS needs assessment. Infrastructure applications and information are available online.

#### TRANSPORTATION FINANCING SUMMARY

- Approximately \$17.1 million is projected to be available for transportation funding over the next twenty years using existing funding sources. Approximately \$12.0 million can reasonably be assumed to be available for funding the transportation plan while \$5.1 million will be needed for operations and maintenance.
- Existing funding sources are not sufficient to pay for the improvement projects identified in the TSP; therefore, additional funding sources should be identified.
- The potential funding sources that appear to have the most potential include the following:
  - Special Public Works Funds (SPWF) and Immediate Opportunity Funds (IOF) — Lottery Program
  - State Bicycle-Pedestrian Grants
  - ODOT Enhancement Grants
  - Local Street Utility/User Fee
  - Local Improvement District (LID)
  - Urban Renewal District
  - Safe Routes to School Program (SRTS)