

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 09/04/18 **Approximate Start Time:** 2:30 pm **Approximate Length:** ½ hr

Presentation Title: Transportation Funding Update

Department: Transportation & Development, Public & Government Affairs

Presenters: Dan Johnson, Director, DTD; Gary Schmidt, Director, PGA

Other Invitees: Randy Harmon, Transportation Maintenance; Mike Bezner, Assistant Director-Transportation; Diedre Landon, DTD; Ellen Rogalin, PGA/DTD

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Discussion; no action at this time.

EXECUTIVE SUMMARY:

Background: Participants at the Clackamas County Coordinating Committee (C4) retreat June 29-30 discussed and generally expressed support for the county adopting a vehicle registration fee (VRF) to address ongoing transportation funding needs. Even with the additional funds coming in as a result of HB 2017, without a stable, local source of funds the county will still not be able to provide the level of service that its residents value and need.

At the retreat and at the following August 2 meeting, C4 members' opinions were fairly well aligned with the feedback the county received from the business community earlier this year – to address congestion relief and additional road maintenance, establish a countywide VRF of \$25-30 and dedicate part of the revenue to a shared “strategic investment fund” to be spent on county-city transportation priorities.

Revenue Scenarios: The attached table that shows three possible revenue scenarios for a \$30 VRF, including two with a strategic investment fund:

- A. A 60% / 40% split between the county and cities, as required by law unless the cities and county mutually agree to a different amount;
- B. A 50% / 40% split between the county and cities, with the county's additional 10% going into a shared strategic investment fund, and
- C. A 40% / 20% split between the county and cities, with the county's additional 20% and the cities' additional 20% going into a shared strategic investment fund.

Strategic Investment Fund: Ideas for the use of a strategic investment fund are materializing around two concepts:

- The development of a road transfer program to improve County-maintained roads in city jurisdictions facilitating transfer of these assets to the cities, and
- Capital investment opportunities where there is regional or multijurisdictional benefit.

In addition, at this point the assumption is that all projects would be vetted annually through C4, and C4 would be the final decision-making body.

County Use of VRF Revenue: While revenue provided through HB2017 is providing additional support for several important transportation programs – including resurfacing of major roads, ADA ramp upgrades, asset management, safety projects and bike/ped projects – it is not sufficient to meet the even larger needs of resurfacing local roads (both urban and rural) and building capital projects to provide congestion relief. In fact, the county currently only has funding for approximately 15% of the adopted Transportation System Plan. The plan identified needed improvements to support planned growth and safe travel options throughout Clackamas County. Funding for these projects is usually secured through the region or state, which dictate the type and size of what projects are constructed.

With revenue from a VRF under scenario “B” above – about \$5.5 million – the county would be able to resurface local roads to bring local road condition average to closer to the county’s goal of a Pavement Condition Index (PCI) of 70 and fund eight or nine top priority projects in the TSP that align with the needs of our residents.

Next Steps: Since early August, Mike Bezner has been meeting with city staff, and reports the discussions have been productive and amicable. In addition, county staff will be reporting back to the businesses we contacted this spring and, as the businesses suggested, hope to share the information with various policy groups throughout the county – business organizations, chambers, etc.

C4 is scheduled to discuss VRF revenue options at its next meeting, on Sept. 6. Staff will return to you with a follow-up policy session on Sept. 11 to seek your direction. A VRF may be implemented through a public vote or through Board approval. If the Board were to direct staff to proceed to consider a VRF with Board action, the process would follow the county’s normal ordinance adoption procedures, with two separate readings by the Board at least 13 days apart and an effective date no sooner than 90 days after adoption (unless an emergency is declared). As with any ordinance, the VRF ordinance would be subject to referendum; a challenger would have 90 days from the effective date of the ordinance to complete certain steps to initiate the referendum process.

Next Steps

1. Discussion of options for distribution of possible VRF revenue is on the agenda for discussion at the Sept. 6 C4 meeting.
2. If the BCC is interested, staff is prepared to move forward on:
 - a. Reporting our progress on this issue to policy groups in the community – chambers, business groups, etc.
 - b. Expanded public outreach

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO N/A
What is the cost? \$ What is the funding source?

Explain the fiscal impacts to the County and your department as well as to the public and businesses, both in the short and long term.

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?

- DTD goals:
 - By 2022, maintain the average condition of paved county roads at 70 PCI (Pavement Condition Index) or higher
 - By 2022, improve the average condition of urban local county roads to a PCI of 70 or higher
- PGA goal: By 2019, the \$17 million road maintenance funding gap will be addressed
- **How does this item align with the County’s Performance Clackamas goals?**
 - By 2019, improve the average condition of paved county roads to a PCI rating of 70

LEGAL/POLICY REQUIREMENTS:

Road funds from HB 2017 may only be used for road purposes.

The Board of County Commissioners has the legal authority to pass an ordinance to institute a countywide vehicle registration fee.

PUBLIC/GOVERNMENTAL PARTICIPATION:

In addition to the meetings referred to in the staff report, for years there has been extensive outreach to the general public, business community and others about road funding needs.

OPTIONS: N/A

RECOMMENDATION: N/A

ATTACHMENTS:

- A. Countywide VRF Distribution Scenario Concepts
- B. Road Funding by County – Portland Metropolitan Region

SUBMITTED BY:

Division Director/Head Approval _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue, please contact Gary Schmidt @ 503-742-5908.

Countywide VRF Distribution Scenario Concepts

State Highway Fund Distribution - Scenario 1:
City 40% | County 60%

Modified Revenue Distribution Scenario 2:
City 40% | County 50% | Strategic Investment Fund 10%

Modified Revenue Distribution Scenario 3:
City 20% | County 40% | Strategic Investment Fund 40%

Revenue Distribution		
City Share (%)		
County Share (%)		
County Strategic Investment Fund (%)		
Estimated Annual Revenue Collection *		
Revenue Source		
Countywide Vehicle Registration Fee (VRF) <i>(Maximum is \$56 per year.)</i>		
Jurisdiction	Population **	City Distribution Percentage
Barlow	135	0%
Canby	16,420	4%
Damascus ***	10,625	3%
Estacada	3,155	1%
Gladstone	11,660	3%
Happy Valley	18,680	5%
Johnson City	565	0%
Lake Oswego ****	34,855	9%
Milwaukie	20,510	5%
Molalla	9,085	2%
Oregon City	34,240	8%
Portland ****	766	0%
Rivergrove ****	459	0%
Sandy	10,655	3%
Tualatin ****	2,911	1%
West Linn	25,615	6%
Wilsonville ****	21,260	5%
Clackamas County	183,383	45%
Countywide Strategic Investment Fund		
Totals:	404,980	100%

Revenue Share	Revenue Collection
40%	\$4,470,816
60%	\$6,706,224
0%	\$0
100%	\$11,177,040
Rate	Assumptions
\$30	--> Annually per vehicle. --> 50% reduction for motorcycles.
Annual \$ Distribution	State Highway Fund Distribution
\$2,724	100%
\$331,281	100%
\$214,364	100%
\$63,654	100%
\$235,246	100%
\$376,877	100%
\$11,399	100%
\$703,222	100%
\$413,798	100%
\$183,294	100%
\$690,807	100%
\$15,455	100%
\$9,253	100%
\$214,969	100%
\$58,741	100%
\$516,794	100%
\$428,938	100%
\$6,706,224	100%
\$0	
\$11,177,040	

Revenue Share	Revenue Collection
40%	\$4,470,816
50%	\$5,588,520
10%	\$1,117,704
100%	\$11,177,040
Rate	Assumptions
\$30	--> Annually per vehicle. --> 50% reduction for motorcycles.
Annual \$ Distribution	% of State Highway Fund Distribution
\$2,724	100%
\$331,281	100%
\$214,364	100%
\$63,654	100%
\$235,246	100%
\$376,877	100%
\$11,399	100%
\$703,222	100%
\$413,798	100%
\$183,294	100%
\$690,807	100%
\$15,455	100%
\$9,253	100%
\$214,969	100%
\$58,741	100%
\$516,794	100%
\$428,938	100%
\$5,588,520	83%
\$1,117,704	
\$11,177,040	

Revenue Share	Revenue Collection
20%	\$2,235,408
40%	\$4,470,816
40%	\$4,470,816
100%	\$11,177,040
Rate	Assumptions
\$30	--> Annually per vehicle. --> 50% reduction for motorcycles.
Annual \$ Distribution	% of State Highway Fund Distribution
\$1,362	50%
\$165,640	50%
\$107,182	50%
\$31,827	50%
\$117,623	50%
\$188,439	50%
\$5,700	50%
\$351,611	50%
\$206,899	50%
\$91,647	50%
\$345,404	50%
\$7,728	50%
\$4,627	50%
\$107,485	50%
\$29,370	50%
\$258,397	50%
\$214,469	50%
\$4,470,816	67%
\$4,470,816	
\$11,177,040	

* Registered passenger vehicles and motorcycles updated to reflect ODOT December 31, 2017 registration numbers.

** Population estimates are based on Portland State University (PSU) Population for Oregon and its Counties and Incorporated Cities and Towns: July 1, 2017.

*** Though Damascus is disincorporated, state law distributes State Motor Vehicle Fund receipts previously assigned to the City to Clackamas County for 10-years after disincorporation.

**** A portion of this city is outside Clackamas County; population represents the population PSU estimates within Clackamas County jurisdiction.

Road Funding by County – Portland Metro Region

For years, residents in neighboring counties have voted in additional local funding to support road maintenance in their communities. These local sources supplement state and federal funds. (The year each fee was established is shown for each fee.)

