

**CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS**  
**Policy Session Worksheet**

**Presentation Date:** 9/11/18   **Approx Start Time:** 1 pm   **Approx Length:** 1 hr

**Presentation Title:** Transportation Funding Update

**Department:** Transportation & Development, Public & Government Affairs

**Presenters:** Dan Johnson, Director, DTD; Gary Schmidt, Director, PGA; Mike Bezner, Assistant Director-Transportation, DTD

**Other Invitees:** Diedre Landon, DTD; Ellen Rogalin, PGA/DTD

**WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

Direction on moving forward to obtain local funding for transportation safety, maintenance of local roads and congestion relief.

**EXECUTIVE SUMMARY:**

The Clackamas County Coordinating Committee (C4) is scheduled to talk further about the possibility of the county adopting a vehicle registration fee (VRF) at its Sept. 6 meeting. As this is being written, that meeting has not yet taken place.

At the Sept. 11 policy session, staff will share the input received at the Sept. 6 C4 meeting, discuss options for moving forward and seek direction from commissioners.

**Background:**

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

Both at the retreat and the August 2 meeting, C4 members' opinions were fairly well aligned with the feedback the county received from the business community earlier this year –, to establish a countywide VRF of \$25-30 to address congestion relief and road maintenance needs, and dedicate a portion of the revenue to a shared “strategic investment fund” to be spent on local transportation priorities (see Attachment A, *VRF Strategic Investment Fund Overview*).

At a policy session on Sept. 4 staff previewed the upcoming discussion with C4 and shared a table that showed three possible revenue scenarios for how VRF revenue might be distributed between the cities, county and the joint city-county strategic investment fund. Two of the three options included this strategic investment fund (SIF) (Attachment B).

Staff also reported that meetings have been held with the staff of most cities in the county to identify what needs they might be able to meet with additional funds from a countywide VRF. While the responses were varied, most cities prioritized paving, followed by capital projects and sidewalks/ADA improvements, and then operations (see Attachment C, *City Needs to be Met by VRF Revenue*).

State law allows a VRF to be implemented through a public vote or through Board approval. If the Board were to direct staff to proceed with 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 initiate the referendum process.

**Next Steps**

1. Discussion on possible distribution of local VRF revenue based on discussion at the Sept. 6 C4 meeting.
2. Discussion on public outreach options, including active, visible involvement from elected officials and progress reports to policy groups in the community – chambers, business groups, etc.

**FINANCIAL IMPLICATIONS** (current year and ongoing):

Is this item in your current budget? YES NO **N/A**

What is the cost? \$ **N/A**

**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 that would be split with the cities, per state law.

**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:**

1. Provide direction to staff on the Board’s preferred process to institute a countywide vehicle registration fee.
2. Ask staff to gather additional information before taking any further action.
3. Direct staff to take no further action.

**RECOMMENDATION:**

1. Staff respectfully requests the Board provide direction to staff on their preferred process to institute a countywide vehicle registration fee.

**ATTACHMENTS**

- A. *VRF Strategic Investment Fund (SIF) Overview, Discussion Draft, Aug. 30, 2018*
- B. *Countywide VRF Distribution Scenario Concepts*
- C. *City Needs for VRF Revenue, Sept. 5, 2018*

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

## VRF Strategic Investment Fund (SIF) Overview

DISCUSSION DRAFT: August 30, 2018

### SIF REVENUE OPTIONS

- *\$1.1 million: Cities 40%/County 50%/SIF 10% @ \$30 VRF*
- *\$4.4 million: Cities 20%/County 40%/SIF 40% @ \$30 VRF*

### SIF COMPONENTS

- *Capital:* Projects of mutual interest to several jurisdictions
- *Maintenance:* Transfer of county roads in cities to the cities, allowing the roads to be built and maintained to city standards

### SIF PROJECT SELECTION

#### Capital

Goal: Complete or contribute to capital projects that address congestion relief or safety and benefit multiple jurisdictions in Clackamas County.

Why: There are needed projects that cross jurisdictional boundaries and/or that would benefit a wide area, but that aren't funded by any one jurisdiction.

How: County and cities identify cross-jurisdictional projects already on their TSPs, prepare a compiled list, determine feasibility of projects, set priorities (based on readiness for construction, safety, ADT, etc.), establish timelines. The data-gathering would be done by staff; the priorities would be set by C4. This could be annual, but might be more practical to take place every two to five years.

Vetting: Authorized by C4,

#### Maintenance

Goal: Transfer jurisdiction of county-maintained roads located within city boundaries to the cities within which they are located.

Why: Cities adopt plans for roads within their jurisdiction. This will facilitate transfer of roads from the County to the Cities, and allow the roads to be built to each city's preferred standard.

How: County and cities identify county roads within cities to transfer to the cities. C4 reviews the list annually based on need – average daily traffic (ADT), current condition, safety, etc. – and identifies which roads to be transferred. County staff works with city staff to determine the funds involved (usually the value of a two-inch asphalt overlay) and establishes timelines for the transfers. The final transfer schedule is reviewed and approved by C4 through an annual work plan. All transfers will be contingent upon the official approval of the Board of County Commissioners and the specific city's council, per ORS.

Vetting: Annual Work Plan development in January, authorized by C4.

**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 (%)		
<b>Estimated Annual Revenue Collection *</b>		
Revenue Source		
<b>Countywide Vehicle Registration Fee (VRF)</b> <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		
<b>Totals:</b>	<b>404,980</b>	<b>100%</b>

Revenue Share	Revenue Collection
40%	\$4,470,816
60%	\$6,706,224
0%	\$0
<b>100%</b>	<b>\$11,177,040</b>
Rate	Assumptions
<b>\$30</b>	--> 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	
<b>\$11,177,040</b>	

Revenue Share	Revenue Collection
40%	\$4,470,816
50%	\$5,588,520
10%	\$1,117,704
<b>100%</b>	<b>\$11,177,040</b>
Rate	Assumptions
<b>\$30</b>	--> 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	
<b>\$11,177,040</b>	

Revenue Share	Revenue Collection
20%	\$2,235,408
40%	\$4,470,816
40%	\$4,470,816
<b>100%</b>	<b>\$11,177,040</b>
Rate	Assumptions
<b>\$30</b>	--> 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	
<b>\$11,177,040</b>	

\* 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.

**City Needs to be Met by Revenue from a Vehicle Registration Fee**  
**Based on discussions with city staff in August 2018**  
Sept. 5, 2018

In August 2018, Clackamas County staff met individually with staff from the 11 Clackamas County cities that fit within the following parameters:

- Have a population of at least 3,000 people inside Clackamas County, and
- Have an estimated revenue of at least \$60,000/year from a possible \$30 countywide vehicle registration fee.

All staff were asked what their priorities would be for spending VRF revenue in their city if the revenue became available. The responses varied, and most cities had more than one response. Their combined priorities, in order, were.

1. Paving
2. Capital road projects
3. Sidewalks and/or ADA curb ramps
4. General maintenance