

ATTACHMENT A

CET Funding Sub-Committee

NOTES

January 24, 2014

9a-12p, 716 SW Evergreen Redmond, OR 97756

Members:

Jason Carr (City of Prineville), Gary Farnsworth (ODOT), Mike Riley (The Environmental Center), Wendy Holzman (City of Sisters), Mike Riley (The Environmental Center), Jeff Monson (Commute Options), Jim Kirkbride (St. Charles), Victor Chudowsky (City of Bend), Karen Friend (CET), Alan Unger (Deschutes County), Jim Wilson (COIC Board – Jefferson County), Ken Fahlgren (Crook County)

Guests:

Kyle Johnson (St. Charles/SE Bend Neighborhood Board), Cary Stanfill (Mt. Bachelor), Tom York (Resident of Eagle Crest), Gregg Cox (Owner Ford Cleaners – Redmond, Prineville), Keith Witcosky (City of Redmond)

Staff:

Scott Aycock (COIC), Andrew Spreadborough (COIC), Tami Geiger (COIC)

Action Items:

Action: Email final draft recommendations to the Committee prior to the COIC Board meeting on February 6th.

Welcome and Introductions

Jason Carr opened the meeting and thanked the committee for their involvement. Alan Unger and Andrew Spreadborough also stated their appreciation for the committee's work and engagement. Andrew explained that the goal of the meeting was to have final decisions and recommendations to bring to the COIC Board for their approval at their February meeting.

Committee Business and Updates

a. Meeting Minutes – November 15

There were no corrections or modifications to the meeting minutes from November 15, 2013.

Jason commented that reports of new jobs coming to the area (a new business taking over the Wal-Mart facility in Redmond (150 jobs to be created) and another company looking at the addition of 25 jobs) have caused him to think about the opportunity for Prineville residents to work in Redmond and how they will need a transportation connection. Transit may be able to provide a way for them to access these job opportunities.

Review Outreach to Cities/Counties/Stakeholders Outcomes

Andrew spoke to the handout: "CET Funding Committee – Outreach Report." The handout included a summary of overarching themes and comments offered by the Cities, Counties, Chambers, and other

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entities. He added that there was general support for COIC to pursue Scenario B level of service, although there was a general lack of understanding of CET service and fear that the rural system was paying for the Bend system. There were no related questions or comments.

Review Committee Recommendations

a. Existing committee recommendations

**The committee's recommended revisions to the document are provided as the last page of these notes.

Scott Aycock explained that the latest version of the "Committee Recommendations" included their best interpretation of the recommendations made by group consensus. He walked through the document to give the Committee opportunity for comment.

The recommendations began with "Assumptions" based on information gathered throughout the process. Scott provided an overview of these assumptions, emphasizing that partnership with businesses/entities could not provide base level of service and were dependent on a fixed-route system (Dial-A-Ride does not provide the flexibility and convenience required to support a beneficial partnership). Base level of service would require dedicated partnerships with Cities and Counties, the entities who formed COIC to work on regional problems and develop solutions, and the ones who have a vested interest in the suite of values transit provides.

Scott continued by reviewing the "Multi-phased Approach." He explained that COIC would shift from scrabbling for money and asking cities to contribute "what they could afford" to presenting the cost of service to each community and developing dedicated funding (reliable annual contribution) from each City/County. Jason added that his Council colleagues would require the budget for their service to understand why COIC required needed more money. Scott added that they were working to develop an equitable budget, to be sure that the numbers presented to each community accurately reflected the population/rides/service hours of that community. The process was complicated by the variety of grants that have different match rates. Andrew used COIC's agreement with the City of Bend as an example of a mutually beneficial partnership. He explained that they have an agreement to provide a specific level of service in conjunction with a specific level of funding each year from the City. This is the type of stable and predictable partnership approach they would like to have with all of the Cities and Counties. He noted that Phase 2 of the multi-phase approach was a dedicated local public funding tool.

Scott continued to "Governance and Geography." He explained that the committee wanted to maintain a regional system. COIC would continue operations in the short-term, but the long term funding tool may determine whether COIC would be able to continue operations. He reviewed the "Service Level" section and the four potential Scenarios (A-D) as described in Appendix C of the document. He added that the Scenarios came out of the Regional Transit Master Plan and Bend Transit Master Plan processes. He focused on Scenario B because the Committee selected it as the best option. The high points of the service include: returning service to pre-cut levels, developing a modest fixed-route in Redmond, converting to flex-route in Madras and Prineville, planning and outreach, and capital replacement and contingencies. He added that partnerships with businesses and other entities could bring some Cities to Scenario C (increased service).

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Gary Farnsworth recalled that the local cost to reach Scenario B was \$2.3 million. This included \$1.9 million in City, County, special agreements with agencies, and County Special Transportation Fund dollars that were cobbled together and volatile (except for the \$1 million from Bend). The additional \$400,000 was required for transit planning, outreach/marketing, and capital replacement. The goal was to develop \$2.3 million in stable local funding per year.

Jason stated that having the numbers of what could be provided for 'x' amount of contribution would be good for communicating with local government. Victor Chudowsky asked whether there were additional routes for Bend in Scenario B. Karen Friend explained that the service level in Bend would be the same; however, it would still mean enhanced sustainability because of capital replacement and outreach. They agreed that the goal for Bend was to get to a Scenario B+/C- level of service.

Scott continued to "Partnerships." He explained that it was essentially a re-statement of the multi-phase approach they had already discussed. The committee suggested re-wording to make it clear that there were two types and phases of partnerships. The first, partnerships with Cities and Counties, provides a stable and reliable backbone for service. The second, partnerships with businesses and entities, provides enhanced service to primarily serve those entities.

The committee discussed the "Outreach and Engagement" section. They discussed piggy backing on public events and meetings, and the opportunity for a dedicated outreach and marketing employee for CET. Scott added that the goal would be a combination of helping the community understand and access the system, and developing public support for the future funding mechanism.

Gregg Cox addressed the committee. He asked why they were advocating to raise taxes when Oregon already had the reputation of being a high tax state and business unfriendly. He asked why they weren't discussing how to lower taxes in Central Oregon. Alan Unger responded that transit was a value to citizens and businesses. When there was low unemployment, businesses were advocating for transit to get employees from where they lived to where they needed to work. He added that the committee was focused on doing what was necessary to create a transit system that could get people to work, school and medical appointments. Victor added that many of the people who use the bus in Bend are not in an economic position to afford a car and transit gets them to work. Mr. Cox responded that only 3% of residents in Portland Metro use TriMet and in 10 years it grew from an innocuous, unobtrusive bureaucracy into a virus with unlimited taxing power and billions of dollars. He added that the citizenry doesn't realize that a payroll tax would just be passed on to the employees. Jason thanked Mr. Cox for coming and speaking his mind.

b. Discuss preferred long-term funding tool

Jason opened the discussion by explaining that he met with COIC staff prior to this meeting to discuss the pros and cons of the committee selecting a preferred long-term funding tool. He explained that his concern would be the focus on a tax from citizens and the media (ex. headlines that read 'COIC to Raise Your Taxes'). Without identifying a funding tool, they could instead focus on the selection of Scenario B for service and the plan to make the service whole without going to the voters. Andrew explained the argument for selecting a preferred funding tool was to complete the tasks outlined by the COIC board and bring back meaningful, tangible and direct answers to each question that would allow them to set the course to implementation. He added that the fear was that a lack of specificity was essentially punting the

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question 3-5 years down the road. Jason asked for the Committee's opinion and explained that it was up to them to decide whether they wanted to select a preferred funding tool.

The Committee discussed their preferred talking points for the media. Victor suggested focusing on the service goals for the future (ex. moving toward Scenario C). He added that if they could make a strong case for what the level of service should be then the funding would fall into place. Gary suggested immediately starting with transportation planning options. He explained there were opportunities to use transit to offset infrastructure and planning barriers to economic development and to take advantage of transportation growth management regulations. He suggested looking into directly linking investment in transit with economic development. These opportunities do not require a tax.

Mike Riley agreed that focusing on the service level and telling the story of what transit provides to the community (especially in Bend) was really important. He added that they needed to answer the funding question in order to complete the tasks assigned to them by the COIC Board, and it was their role as community leaders to demonstrate the benefits to the community. Jason added that in Jefferson and Crook counties it would be difficult to convince people how raising taxes would benefit them. He wanted to emphasize the need to develop a communications strategy that would avoid the potential tax measure coming to the top.

Setting aside the question of the funding tool, Scott asked for consensus on the following statement: "The Committee recommends the multi-phase approach with a transition to a long term sustainable dedicated public funding tool." The Committee agreed by consensus.

Alan commented that he thought selecting the preferred funding tool would be important for gaining City and County support. They could present a request for investment today with the understanding that the money would free up in 3-5 years after they passed a tax. He added that a property tax was the only funding mechanism that reached everyone transit served.

The committee continued with dialogue about funding options and review of the "Long-Term Dedicated Local Public Funding Options for Transit" document. They agreed that pursuing a Gas Tax logically made the most sense but it was not allowed to fund transit in Oregon. Victor commented that the Transient Room Tax could only be allocated to transit by the City (it could not be directly allocated to transit), and so would still depend on the General Fund. He added that the Utility Fee was his least favorite and would be extremely unpopular in Bend where they have to increase water and sewer rates in the next year.

Scott explained that there were two lines for a property tax, the first had COIC continuing to operate the transit system and relied on a change to ORS 190. COIC staff explained that ORS 190 currently entitled COIC to levy permanent property tax rate for transportation but they were working to get the Attorney General's opinion on whether 'transportation' included transit operations. If not, they would need to pursue a change to the language. The Oregon Transit Association Board and the Association of Oregon Counties supported COIC pursuing ORS 190 to include transit operations. The potential change will be discussed in the next session. The second option required establishing a Transportation District or Mass Transit District and a new entity to operate service. They verified that a property tax was the most common funding tool for transit in Oregon.

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Scott commented that the issue with the property tax was that non-profits who are large generators of transit demand would not pay (i.e. St. Charles, COCC, OSU- Cascades). Mike added that it was a huge issue in the previous two campaigns for a property tax for transit in Bend. He emphasized the need for binding and stable agreements with those organizations to demonstrate to the community that they also have skin in the game. Jim Kirkbride commented that it was a strange balance because the user of the transit system was likely subsidized on both ends. The people using transit to access healthcare are the same ones who need St. Charles to write off their bill. He explained that St. Charles would like to consolidate business back to the Bend campus but they don't have enough parking. Also, as one of the top employers, almost all of their caregivers would pay the property tax. Victor asked whether St. Charles had approached the City with a proposal for trading their parking requirements with increased investment in transit. He suggested that they talk about a plan to increase transit service to St. Charles, perhaps in lieu of building a parking structure.

The committee agreed by consensus that property tax was the best tool to pursue and they preferred COIC continued to operate and manage the system through the ORS190 approach. Jason offered to help COIC with the messaging of the preferred funding tool. Scott also reminded that the COIC Board still needed to accept the Committee's recommendation. Gary emphasized the need to frame the message around the economic benefits and return on investment.

Tom York, resident of Eagle Crest, commented that he was in attendance because he saw the public meeting notice and immediately thought a property tax was coming. He stated that he liked their approach and the recognition that they needed to sell the community on the value of the system. He recommended that they not use the phrase "What do we want?" but rather "What do we need?" when it comes to service levels. He added that he regretted not getting involved in the Redmond School District Bond Measure because it would cost him \$440/year for the rest of his life and he would never see any benefit. He emphasized the need to demonstrate the value of the system in order to get residents to support the tax. Alan thanked him and acknowledged that it would take years of outreach and engagement with the public. Mr. York added that his mind was not closed, and he understood business and people needed transit, but he would need to be convinced to vote for it.

Mike added that funding would always be pulled from a few sources (would not be 100% dependent on property tax). Alan explained that the property tax would not be high, but would be enough money to support backbone service. Karen added that this direction gave COIC the impetus to push forward with the ORS190 re-write and to work on local partnerships. Jeff Monson added that it was the best possible option for success; the Committee worked diligently to come up with a recommendation, and does not take the property tax recommendation lightly since they all pay taxes as well.

c. Endorse Recommendations

The committee endorsed the recommendations (with suggested revisions) by consensus. COIC staff offered to email the final version of the recommendations to the committee before the COIC board meeting.

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Action: Email final draft recommendations to the Committee before the February 6th COIC Board meeting.

Next Steps

a. Implementation Plan/Next Steps

Andrew explained that COIC staff had discussed reconvening the committee for ongoing feedback. Jeff suggested meeting again to discuss next steps based on the COIC Board's recommendations. Jason suggested re-convening when staff had worked up a plan for marketing/engagement that the Committee could respond to. Keith Witcosky asked what would be COIC's message to the media. Andrew explained that they would emphasize that COIC would be moving forward to stabilize service, reach a desirable service level and build stable partnerships. Keith asked how they would describe the property tax as the long term funding tool. He suggested emphasizing that Central Oregon is growing and COIC is anticipating the needs of the community and how to most positively impact quality of life in the region. Property tax is one of the single levers to provide this service. Gary suggested being sure to communicate resoundingly that transit is necessary today, and will be needed more-so into the future. Keith added that the message of optimism that the economy is turning around and employment is growing would be good.

Jason shared that he recently had a conversation with a resident in Prineville who was complaining about the transit system. Jason explained to him that transit helped people get to work and without a job they would be completely reliant on government assistance. Cary Stanfill added that they needed to directly address the partnerships with businesses that do not pay property taxes.

Wendy Holzman said that the first task for COIC was to message and spend time getting the public and the media acquainted with the system. Ken Fahlgren added that he knew the service had value to people who needed to travel to work, but that they don't have enough service for it to be convenient. If they could increase service and make it recognized as a community value, then the 2018 Crook County Library Bond expiration might be a good schedule for requesting a tax for transit. Jason added that the positive thing about going to a property tax was that they were leaving it up to the citizens to decide whether or not it was a priority. The other mechanisms, payroll tax and utility fee, were extremely unpopular because the public doesn't have a voice.

Andrew reviewed the handout: "CET Funding Committee – Implementation of CET Funding Recommendations". He added that a short term goal was to identify funding sources for an outreach and marketing person. He added that they would continue to engage over the next several months and share any outcomes with the Committee. He thanked them again for their time.

Meeting adjourned at 11:20am.

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Suggested Changes to DRAFT Recommendations:

Revision: Assumptions, Second bullet, p. 2 – Need to clarify the difference between “focused partnership funding” with Cities/Counties and that with organizations and businesses. It is confusing to use “focused partnerships” for both.

Revision: Multi-Phased approach, Phase One, Second bullet, p.2 – Should be two separate bullets. One for the outreach and engagement capacity, and a separate one for the development of partnerships.

Revision: Governance and Geography, p. 3 – Strengthen language. COIC is the preferred entity to operate transit.

Revision: Service Level, p. 3 – Explain that desired Service Level is based on work completed for the Regional Transit Master Plan and Bend Transit Master Plan.

Revision: Service Level, p. 3 – Use term “sustainable level of service” or something similar rather than referring reader to the Appendix.

Revision: Partnerships, Second bullet, p. 3 - Add “economic development” as a partnership opportunity.

Potential Addition to the Recommendations: Opportunities exist in Development Code to persuade investment in transit; credits to impact fee agreements etc. (bring into the body of the document, rather than just listed in the table).

Revision: Local Dedicated Public funding Tool, p. 4 – Committee identified a Property Tax (through the ORS 190 approach with COIC granted taxing authority) as their preferred funding option, as long as there are binding agreements with large trip generators to also participate (St. Charles, COCC, etc. who wouldn't pay property tax).

Suggested changes: “CET Funding Committee – Implementation of CET Funding Recommendations”

Revision: Scenario B Service Levels – Should be Scenario B+ for Bend.

Revision: Phase 1 – Outreach and Marketing – Add bullet, “Develop talking points for media, etc.”