

October 11, 2013

To: Alan Unger, Deschutes County Commissioner and COIC Vice Chair

From: Andrew Spreadborough, Interim Executive Director
Scott Aycock, Interim Community Development Manager

Re: Proposal for ORS 190.083 Legislative Amendment

This memo provides an overview of a proposed amendment to ORS 190.083 to allow for the Central Oregon Intergovernmental Council (COIC) to assess, levy and collect ad valorem property taxes for public transportation operation (subject to voter approval), while retaining regional governance of the Cascades East Transit at COIC.

COIC/Cascades East Transit Background:

COIC is a regional Council of Governments formed in 1972 as an ORS 190 public organization with the purpose of coordinating work of Central Oregon member jurisdictions on issues of regional interest and taking on projects/services of regional significance. COIC's Board of Directors is composed of elected officials appointed by each member government (Crook, Deschutes and Jefferson counties; Cities of Bend, Culver, La Pine, Madras, Metolius, Prineville, Redmond, and Sisters); along with five appointed members representing private sector, economic development, post-secondary education, and workforce development.

COIC launched the Cascades East Transit (CET) service regionally in 2008, and integrated the Bend Area Transit system into CET in 2010. CET provides both general public and dial-a-ride services within and between each Central Oregon city. Since its inception CET has been funded by a mix of grants, contracts and local contributions (as well as rider fares). COIC has succeeded in leveraging local contributions to maximize state and federal grants, but the result has been a volatile funding framework composed of over 40 different sources – many of which vary in amount and/or may not be available year to year. While the entrepreneurial approach to funding the CET system worked well during the start up period, a more stable, sustainable funding model is needed to protect the existing system against the disruptive impacts of service reductions on our riders, and to support future transit growth in Central Oregon.

The COIC Board and a range of community leaders and partners are in the process of analyzing and exploring options for developing a sustainable, dedicated local funding source to stabilize the CET system and allow for growth and development of the CET system while meeting high priority regional mobility goals.

Options under consideration by the COIC Board include developing a mass transit district, transportation district, county service districts, and maintaining the status quo approach to CET governance. However, each option provides significant challenges to maintaining a unified regional approach to governance and service delivery. The COIC Board has an interest in developing a "Made in Central Oregon" solution that addresses the Board's policy interests in maintaining a regionally governed public transportation system, while stabilizing CET services through development of a dedicated local funding source. A regionally-based system is necessitated by the very high degree of intercommunity travel for work, school, and essential services such as health care and social services.

Current Problem/Why Legislative Amendment Necessary:

The most common approach to developing a new public transportation system within Oregon is for a community to establish a mass transit district or transportation district. These options involve the establishment of a new district organization through voter approval. If Central Oregon pursues this option, it is likely that the current regional governance approach will be fragmented as a new district organization would likely serve a single city or cities (areas where formation of a transportation district would be supported by voters), while the balance of the region's services would be governed by COIC. This approach is not consistent with COIC's policy goals for regional governance of the transit system.

A solution to this problem would be to utilize provisions under ORS 190.083 to maintain public transportation governance at the regional Council of Governments ORS 190 organization. The existing ORS 190.083 statute authorizes IGAs between counties to create intergovernmental entities to "operate, maintain, repair and

modernize transportation facilities.” However, it is the opinion of COIC’s legal advisors that the current text of the statute is limited to roads, bridges and similar infrastructure components, as opposed to transit operations.

Additionally, the ORS 190.083 appears to apply only to new intergovernmental entities created specifically for the purposes within the statute, as opposed to being utilized by or vested in an existing ORS 190 entity.

To meet the policy goals of the COIC Board of Directors, the ORS 190.083 statute would be amended to allow COIC to retain its regional governance role while allowing for implementation of an ad valorem property tax or other funding tool to support the regional system.

Regional Multi-Modal Transportation Funding

Furthermore, the Oregon Transportation Commission has directed ODOT, Area Commissions on Transportation, and local governments to consider all modes in transportation planning, prioritization, and funding. COIC is well-poised to help provide solutions to local and regional multi-modal transportation funding, in light of diminishing assistance from state and federal agencies.

Rationale of Proposed Amendment:

Ensures Ongoing Regional Coordination and Integration of Transit System: The COIC Board has successfully envisioned, planned, and implemented a regionally-based transit system. The Board and organization have a successful track record of operations, and the Board is deeply invested in its success. If utilizing any of the current options for district formation the COIC Board would be required to turn over its governance role to a new organization with a new board of directors in one portion of the region, while COIC retained governance and operations of transit in the remaining areas. Amendment of ORS 190.083 as proposed will allow regional governance to remain with the COIC Board and will facilitate the ongoing operation and governance of a regionally-based system.

Provides Opportunity for Multimodal Local Funding: In light of decreasing state and federal funding for transportation facility improvements, it is becoming increasingly apparent that local communities and regions need to develop new local finance tools to fully fund needed facility enhancement and maintenance. For instance, Central Oregon's Trip 97 process is creating a corridor-wide plan to develop a regionally-based method to meet transportation infrastructure needs along the US 97 corridor, including new local funding (see <http://www.trip97.com/>). The proposed amendment will allow an existing ORS 190 entity - COIC - to help develop local funding to support desired improvements across all modes.

Specific Goals of Proposed Amendment:

- Ensure ad valorem property taxes can be assessed, levied and collected by COIC as an existing ORS 190 organization (subject to voter approval) to fund transit operations and capital and to perform the other functions and authorities already included in the section.
- Allow for cities to participate in the ORS 190.083 agreements for transportation facilities and operations.
- Add transit operations and transit capital (including facilities and rolling stock) into authorized activities under this statute.

ORS 190.083 Proposed Markup

190.083 County agreements for transportation facilities.

(1) A unit of local government may enter into an intergovernmental agreement to create an intergovernmental entity to operate, maintain, repair, and modernize transportation facilities and transit operations and transit capital.

~~(2)~~ Before a county enters into an intergovernmental agreement creating an intergovernmental entity to operate, maintain, repair and modernize transportation facilities and transit operations and transit capital, the county shall obtain approval of the terms and conditions of the agreement from the governing bodies of a majority of the cities within the county.

~~(3)~~ Subject to the provisions of this section, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and transit operations and transit capital may issue general obligation bonds and assess, levy and collect taxes in support of the purposes of the entity.

~~(4)~~(a) To carry out the purposes of an intergovernmental agreement under this section, and when authorized at an election described in paragraph (b) of this subsection, an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and transit operations and transit capital may borrow moneys and sell and dispose of general obligation bonds. Approval requires an affirmative vote of a majority of the electors within the intergovernmental entity voting in the election.

(b) If the bonds are not subject to the limitations under section 11 or 11b, Article XI of the Oregon Constitution:

(A) The proposition submitted to the electors shall provide that the intergovernmental entity shall assess, levy and collect taxes each year on the assessed value of all taxable property within the intergovernmental entity for the purposes of paying the principal and interest on the general obligation bonds;

(B) The election must comply with the voter participation requirements of section 11 (8), Article XI of the Oregon Constitution; and

(C) Outstanding bonds may never exceed in the aggregate two percent of the real market value of all taxable property within the entity.

~~(5)~~ The governing body of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities shall issue the bonds from time to time as authorized by the electors of the entity. The governing body shall issue the bonds according to the applicable provisions of ORS chapter 287A.

~~(6)~~ The electors of an intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and transit operations and capital may establish a permanent rate limit for ad valorem property taxes for the entity pursuant to section 11 (3)(c), Article XI of the Oregon Constitution.

~~(7)~~ An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and transit operations and transit capital may exercise the powers necessary to carry out the purposes of the intergovernmental agreement, including but not limited

to the authority to enter into agreements and to expend tax proceeds and other revenues the entity receives.

(8) Counties may amend the Articles of Agreement of an existing intergovernmental entity organized under ORS 190 to fulfill the functions and authorities described in ORS 190.083.

(9 7) An intergovernmental entity created to operate, maintain, repair and modernize transportation facilities and transit operations and capital is not a district as defined in ORS 198.010 and is not subject to the provisions of ORS chapter 451.

(10 8) An intergovernmental entity described in this section is subject to ORS 294.305 to 294.565 for each fiscal year or budget period in which the entity proposes to impose or imposes ad valorem property taxes. [2001 c.840 §2; 2003 c.14 §88; 2003 c.235 §3; 2007 c.783 §72]

Draft CET Local Dedicated Public Funding Principles and Scenarios

November 12, 2013

Assumptions

- Partnership funding from sources like COCC, OSU, and others will not develop the funding basis for “backbone” or “base-level” transit service because partners will only want to fund service elements that provide direct benefits to them. However, partnerships will support any future funding measures because they will a) demonstrate support for transit and b) demonstrate funding from entities that may not have to pay measures like a property tax. It is considered a “given” by staff that all of the potential funding scenarios include an ongoing and expanded partnership approach.
- Fare increases are a potential policy choice, but will likewise not provide a basis for transit funding because transit is a public good above and beyond the benefits to individual riders, many of whom cannot afford the full cost of a ride.
- Therefore, to be viable and to improve transit service over current levels will require a new source of dedicated local public revenue.

Local Dedicated Public Funding Principles from CET Committee Deliberations

- Local Dedicated Funding should support a base level of service¹ across the region. Therefore, all parts of the region should contribute at least a modest amount to achieve base service, with the opportunity for enhanced service in communities that prioritize such.
- Local Dedicated Funding should be consistent with the desire to maintain ongoing regional governance.
- The Local Dedicated Funding Plan should be equitable in that all entities that benefit from public transportation contribute to the funding solution.
- The Local Dedicated Funding Plan should reflect the fact that passing a voter-approved measure is unlikely in the short-term (1-3 years), based on the survey findings.

¹ “Base level of service” is defined as the current number of service hours provided in each community plus additional necessary components (that aren’t currently funded) such as planning and outreach. The details of how those hours are utilized (the service plan) in each community may vary from the status quo.

Table 1. Funding Options in light of CET Funding Committee Principles		
<i>Principles</i>	<i>Options</i>	<i>Staff Comments</i>
Short-term Options	<ul style="list-style-type: none"> • General fund • Utility fee 	<ul style="list-style-type: none"> •
Provide for Base-level Service Across the Region	<ul style="list-style-type: none"> • Increase local government contributions (sourced from whatever means) over 0-5 years. • Modest regional property tax in 2-5 years • Modest regional payroll tax in 2-5 years • Modest sales tax in 2-5 years 	<ul style="list-style-type: none"> • Payroll tax will require legislative authority or via Mass Transit District (only allowed in Deschutes County) • Sales tax seems to be a political non-starter (?)
Tools to provide for individual community “buy up” over Base Service	<ul style="list-style-type: none"> • Utility fee • General fund • Local property tax • Local sales tax • Payroll tax in Bend/elsewhere in Deschutes County 	<ul style="list-style-type: none"> •
Tools that ensure that all beneficiaries pay	<ul style="list-style-type: none"> • Utility fee = all beneficiaries other than visitors pay • Partnerships + property taxes or payroll taxes • Sales tax = visitors help pay 	<ul style="list-style-type: none"> • Neither payroll nor property nor sales taxes will (by themselves) generate fair funding from all that benefit.

Resulting Proposed Funding Scenarios

Short-term: Pursue increases in local government contributions through whatever means they choose (general fund, utility fees, etc.).

2-5 Years: Pass a modest region-wide property tax, payroll tax, or sales tax aimed at ensuring base level of service everywhere.

Local variation component: Property, payroll, or sales tax would either replace general fund/utility fee in communities that only want base level of service or be used to improve service in communities that prioritize improved transit service.

Draft CET Funding Committee Recommendations

Original: October 28, 2013

Revised with Feedback from 11/1 CET Funding Committee meeting.

The below table summarizes the consensus points to date. Final recommendations will be in more of a narrative format.

	Short Term (1 to 3-5 Years)	Long Term (3-5 Years +)
Governance and Geography	<p><u>Goals</u></p> <ul style="list-style-type: none"> Maintain a regionally-based system b/c of value of regional coordination, advantage of economies of scale, benefits to smaller communities, collaboration/partnership, and other benefits. <ul style="list-style-type: none"> Work with local communities and partners to ensure accountability of service and consistent communication Develop additional tools for region-scale funding. <p><u>Actions</u></p> <ul style="list-style-type: none"> Maintain governance at COIC. Pursue ORS 190.083 legislative changes to allow transit funding in 2014 Session. <ul style="list-style-type: none"> AOC leading, but engage OTA Consider combining Trip 97 governance with transit governance to meet broader regional multimodal goals. 	<p><u>Goals</u></p> <ul style="list-style-type: none"> Maintain a regionally-based system for the reasons mentioned. <p><u>Actions</u></p> <ul style="list-style-type: none"> Assure governance model is appropriate for the region and supports the chosen funding mechanism When a transit property or payroll tax is viable, consider weigh costs/benefits of a tri-county transit district vs. COIC governance model.
Level of Service	<p><u>Goals</u></p> <ul style="list-style-type: none"> Provide a basic level of service to every community in the region, <u>with actual service tailored to community needs.</u> Improve level of service above the base level to attract choice riders and enable partnerships where possible. Focus service on areas with highest demand/need. Ensure maintenance of community connector shuttles to extent possible. Customize services to meet the need, including offering van pools and other mobility options where most appropriate. <p><u>Actions</u></p> <ul style="list-style-type: none"> ID opportunities to expand service in Bend in the near term. 	<p><u>Goals</u></p> <ul style="list-style-type: none"> Increase service levels to attract choice riders and partnerships. Develop a robust regional system. <p><u>Actions</u></p> <ul style="list-style-type: none"> See Dedicated Public Funding Tools and Partnerships section

	Short Term (1 to 3-5 Years)	Long Term (3-5 Years +)
	<p>Consider more intense service than contemplated in Bend Transit Plan to better serve needs in relevant growth areas (e.g. OSU, COCC, St. Charles, etc.)</p> <ul style="list-style-type: none"> ○ Work with the City of Bend and partners on the Central District MMA and OSU-CC TGM projects to ID transit needs/opportunities ○ Engage OSU-CC on the Transportation Task Force to ID transit needs/opportunities. ● Work with Redmond, Prineville, and Madras to develop enhanced local funding to support conversion from DAR to fixed or flex route service. If unsuccessful, do not convert (too instable). ● Work closely with partners to ID service needs and opportunities (see Partnerships section below) in both local and intercommunity (Community Connector Shuttle) services. ● Continue to work with Redmond City Council to adopt Redmond Transit Master Plan. ● Better ID needs of key sectors: education, tourism, social services, health care, and business in general. 	
<p>Private, Non-Profit, and Agency Partnerships</p>	<p><u>Goals</u></p> <ul style="list-style-type: none"> ● Develop “win-win” partnerships with cities, other agencies, and private sector partners to stabilize transit funding and expand service delivery where possible. ● Partnerships should span multiple years, be stable, and involve extensive outreach/communication and the option for modifications to ensure that services are meeting needs. ● Develop partnerships to leverage greater public support. ● Leverage partnership “early adopters” to bring in new partners. Build a broad picture of partnerships and resulting transit services. ● <u>Exhibit voluntary contribution or investment in the system by those who through normal taxing methodologies might be exempt from contribution.</u> ● Leverage local land use processes to incentive investment in transit. 	<p><u>Goals</u></p> <ul style="list-style-type: none"> ● Partnerships are used to support local dedicated funding goals and to improve service levels over what core, backbone funding can provide. <p><u>Actions</u></p>

	Short Term (1 to 3-5 Years)	Long Term (3-5 Years +)
	<p><u>Actions</u></p> <ul style="list-style-type: none"> • COIC establish a partnership position (in tandem with outreach/engagement position) • Work with relevant key partners to support partnership discussions – ad hoc Partnership and Outreach Strategic Team • Pursue immediate partnership priorities/potential: COCC, OSU-CC, Tourism/USFS, and St. Charles/CCO/health care. • Investigate following tools for developing partnerships: <ul style="list-style-type: none"> ○ Provide credits to impact fee agreements and requirements (e.g. parking requirements) in exchange for helping to fund service. <ul style="list-style-type: none"> ▪ Utilize transit trip estimator tool to estimate impacts ○ COCC and OSU-CC student association fee increases (student pass program). ○ Opportunities to reduce existing transportation costs (e.g. mileage reimbursement for employees) or new costs (e.g. new parking structures). ○ Transportation Management Associations. ○ Leverage need for transit system to support Central OR resiliency in face of Cascadia Subduction Zone earthquake 	
<p>Outreach/Engagement and Marketing</p>	<p><u>Goals</u></p> <ul style="list-style-type: none"> • Significantly bolster COIC/CET’s outreach/engagement and marketing capacity to raise community awareness of transit, engage key partners, leverage resources, and build support for transit service and funding. • Build a strong, diverse coalition of transit supporters • Empower natural partners to speak on behalf of transit in a coordinated way. • Ensure that riders and other users (e.g. agencies that rely on transit) know about potential system changes and are involved in service decisions and priorities to the extent possible. • Build an easy to understand and compelling Vision of transit into the future. 	<p><u>Goals</u></p> <ul style="list-style-type: none"> • Continued high level of outreach/engagement and marketing • Build PAC funding campaign <p><u>Actions</u></p>

	Short Term (1 to 3-5 Years)	Long Term (3-5 Years +)
	<p><u>Actions</u></p> <ul style="list-style-type: none"> • Work with the Bend MPO to build a transit Vision piece based on the Transit Plans and additional work with stakeholders. • Work with relevant key partners to support partnership discussions – ad hoc Partnership and Outreach Strategic Team • Develop a dedicated outreach/engagement and marketing position at COIC/CET (in tandem with partnership position above) • Work with Commute Options to develop an integrated outreach plan. • Approach the Regional Solutions Team about providing support for outreach/engagement and marketing efforts via ODOT, OCF, and potentially other sources • Approach the Coordinated Care Organization about funding to promote transit as active transportation and access to health care. • Research opportunities for Meyer Memorial Trust funding • Engage grassroots partners (e.g. REALMS students, senior citizens, drivers, etc.) to help tell the story of transit. • Build a marketing campaign that focuses on the values most appreciated by Central Oregonians – helps the economy, helps people in need, supports goals such as OSU-CC. • Bring outcomes of Funding Committee to local governments to engage them more deeply in funding and supporting transit. • Bring to AdFed next year. • Expand social media presence significantly • Have transit “be everywhere” (piggyback on meetings, etc.) 	
Dedicated Local Public Funding Tools	<p><u>Goals</u></p> <ul style="list-style-type: none"> • <p><u>Actions</u></p> <ul style="list-style-type: none"> • 	<p><u>Goals</u></p> <ul style="list-style-type: none"> • <p><u>Actions</u></p> <ul style="list-style-type: none"> •
Other		