CITY OF PORTLAND BUREAU OF TRANSPORTATION

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DATE: February 10, 2015

TO: City of Portland Planning and Sustainability Commission

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Portland Bureau of Transportation

CC: Susan Anderson, Director BPS

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SUBJECT: Transportation System Plan Draft Finance Chapter

February 24 Hearing and March 10 Work Session

The attached draft Finance Chapter is a state required element of the 2035 Transportation System Plan. The draft is intended to inform the Planning and Sustainability Commission hearing on February 24, 2015 and work session on March 10, 2015.

The draft Finance Chapter is similar to the Financial Plan section of the Projects, Programs, and Financials recommendations in the January 30th Bureau recommendation. The primary differences are 1) the Financial Plan includes analysis of the current project and program list which is not in the Finance Chapter, and 2) the Finance Chapter includes more detailed descriptions of the revenue sources.

We welcome comments on the draft chapter. We intend to make revisions following review of public comment and the conclusion of Planning and Sustainability Commission hearings and work sessions.

TSP Finance Chapter

INTRO

The State Transportation Planning Rule (TPR) requires each Transportation System Plan (TSP) to include a financing program. This financial plan is designed to meet the State requirements for a financing program, as well as to establish a financial framework for making investment choices in the City's transportation system over the next 20 years.

The financial plan allows jurisdictions to assess the adequacy of existing and possible new funding mechanisms to improve elements of the transportation system. As required by the TPR, the financial plan is linked with the TSP's transportation system improvements, which includes planned transportation projects and programs along with the general timing and rough cost estimates for each project.

In addition to the State requirements, the TSP financial plan is based on other elective principles. For example, it recognizes that agency partnerships are often required to fund transportation improvements. Coordination among the Portland Bureau of Transportation (PBOT), Metro, the Oregon Department of Transportation (ODOT), TriMet, the Port of Portland, and the Portland Development Commission (PDC) is essential to successfully implement the TSP.

The TSP financial plan also presents three financial scenarios that respond to a range of existing and potential new revenue sources and forecasts. The three scenarios provide a context for the cost and number of transportation improvements that may be implemented over the 20-year timeframe of the TSP.

Another principle guiding the financial plan is the importance of maintenance and system operations needs as well as capital improvement planning. Stewardship is one of the TSP's themes. Stewardship means proactive management of Portland's transportation system through the efficient use of resources, non-capital solutions to transportation needs, and innovative approaches to infrastructure management.

The City's current transportation investment is approximately $10 billion of assets (based on replacement costs), including streets, sidewalks, bridges, traffic signals, and streetlights.
Most of the State TSP requirements focus on issues of urban growth and system expansion.
It is also important, however, to recognize that expanding the transportation system presents long-term maintenance and operations costs for local governments.

ADDITIONAL THEMES FOR THIS TSP UPDATE

- A more financially realistic plan that better guides PBOT's short-term and long-term investments.

- More clearly link revenue sources (including their restrictions for use) to the eligible Major Projects and Citywide Programs. An example of this would be determining what external funding is available for specific types of investments such as streetcar or freight and ensuring that the City's General Transportation Revenue is prioritized for projects and programs without dedicated funding sources.

- Creation of a five year "project development pipeline" of small and large projects aligned with federal, state, regional, and City funding priorities.

- A clearer financial plan means more meaningful public involvement from all sectors and communities.

ROLE OF REGIONAL TRANSPORTATION PLAN (RTP)

To set the context for the TSP financial plan, it is useful to review the role of the regional planning agency (Metro) in distributing federal and State transportation funds. As a condition for receiving federal capital and operating assistance, the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) jointly require each urbanized area to have a transportation planning process that results in a regional transportation plan consistent with the area's planned development. Metro is designated by the Governor as the metropolitan planning organization (MPO) to carry out the federal transportation and related air quality planning requirements, in cooperation with ODOT and TriMet.

Metro Authority for Transportation Planning

Metro has legislative authority for urban transportation planning from three primary sources: Title 23 (Highways) and Title 49 (Transportation) Code of Federal Regulations; Oregon Revised Statutes – Chapter 268; and Metro Charter. In accordance with these requirements, Metro has adopted a long-term Regional Transportation Plan (RTP). The RTP guides and coordinates the combined efforts of jurisdictions and agencies responsible for the region's roadway and transit facilities. Financing for transportation facilities and services is complex, comprising a number of single-purpose sources of local funds, dedicated State and local roadway and transit taxes, and a number of federal roadway and transit funding programs.

RTP Framework

Pursuant to federal planning regulations, metropolitan long-range plans such as Metro's RTP must include a financial plan that demonstrates the consistency of proposed transportation investments with available and projected sources of revenue. The financial plan compares the estimated revenue from existing and proposed funding sources that can reasonably be expected to be available for transportation uses and the estimated costs of constructing, maintaining, and operating the total transportation system (existing plus planned) over the 20-year period of the plan.

The RTP ensures geographic consistency within the regional transportation system; multimodal coordination in efficient and cost-effective combinations of transportation investments; land use interrelationships among cities and counties within the transportation system; and cost-effective financing to address the growing travel demand in the region. The RTP establishes a unified policy direction for the federally funded transportation system and recommends a balanced program of highway, transit, and demand management programs to implement that policy direction.

Financially Constrained System

The financially constrained system represents the most critical transportation investments for the plan period and is the RTP's federally recognized system of planned transportation improvements and financial plan assumptions. This system is limited to projects and programs that can be funded by current sources of revenue and new sources of revenue that can be reasonably expected to be available during the 20-year period. The revenue sources may include assumptions about current and future federal and State funds as well as locally generated revenues that support projects identified in the regional system.

The financially constrained system is the basis for various federal requirements and regulations. It is used to evaluate compliance with air quality standards established by the Clean Air Act Amendments of 1990. Metropolitan areas that do not meet air quality standards may face sanctions, including potential loss of federal highway and transit funds and limits on industrial expansion. The Metro RTP has been demonstrated to conform to the Clean Air Act.

Projects must be identified in the RTP's financially constrained system to be eligible for federal funding. For projects to access the federal funding, projects must be identified in the Metropolitan Transportation Improvement Program (MTIP, discussed below under Federal Funding sources).

"State" RTP Investment strategy

The "State" RTP Investment strategy represents additional investments that would be considered for funding if new or expanded revenue sources are secured. This strategy is the basis for findings of consistency with state requirements for transportation system plans (The RTP is the Portland Metro region's TSP). The fundamental state requirement for the RTP is to develop a plan that is adequate to serve planned land uses. In addition, the region (though the RTP) and local governments (in local TSPs) must have a financing strategy that supports implementation of the plans.

In 2009, the Joint Policy Advisory Committee on Transportation (JPACT) held policy discussions that focused on what level of investments should be assumed for the "State" Investment strategy and what potential increases in state and local revenue might be reasonable to pursue for this more aspirational level of investment. JPACT recommended revenue assumptions that became the basis for the "State" RTP investment strategy.

TSP FINANCIAL PLAN FRAMEWORK

The TSP financial plan framework provides the working assumptions for the various revenue sources and presents and evaluates the alternative TSP financial scenarios.

TSP Revenue Assumptions

The TSP financial plan is based upon revenue capacity assumptions for local, regional, state, and federal sources. Additional descriptions of revenue sources is included in the scenario summaries and description of revenue assumptions.

In developing the financial assumptions for the TSP, the base year funding amounts are usually adjusted by the spending average of the past three to five years for each revenue source; this normalizes for annual variations. The methodologies used for the TSP financial plan are very generalized, which is appropriate for long-term and policy -level planning. Actual implementation and funding of TSP projects will occur through the City's Capital Improvements Program, which is more specific in terms of revenue availability and allocations.

TSP's Major Projects and Citywide Programs costs are based on current year dollar values and not adjusted for inflation.

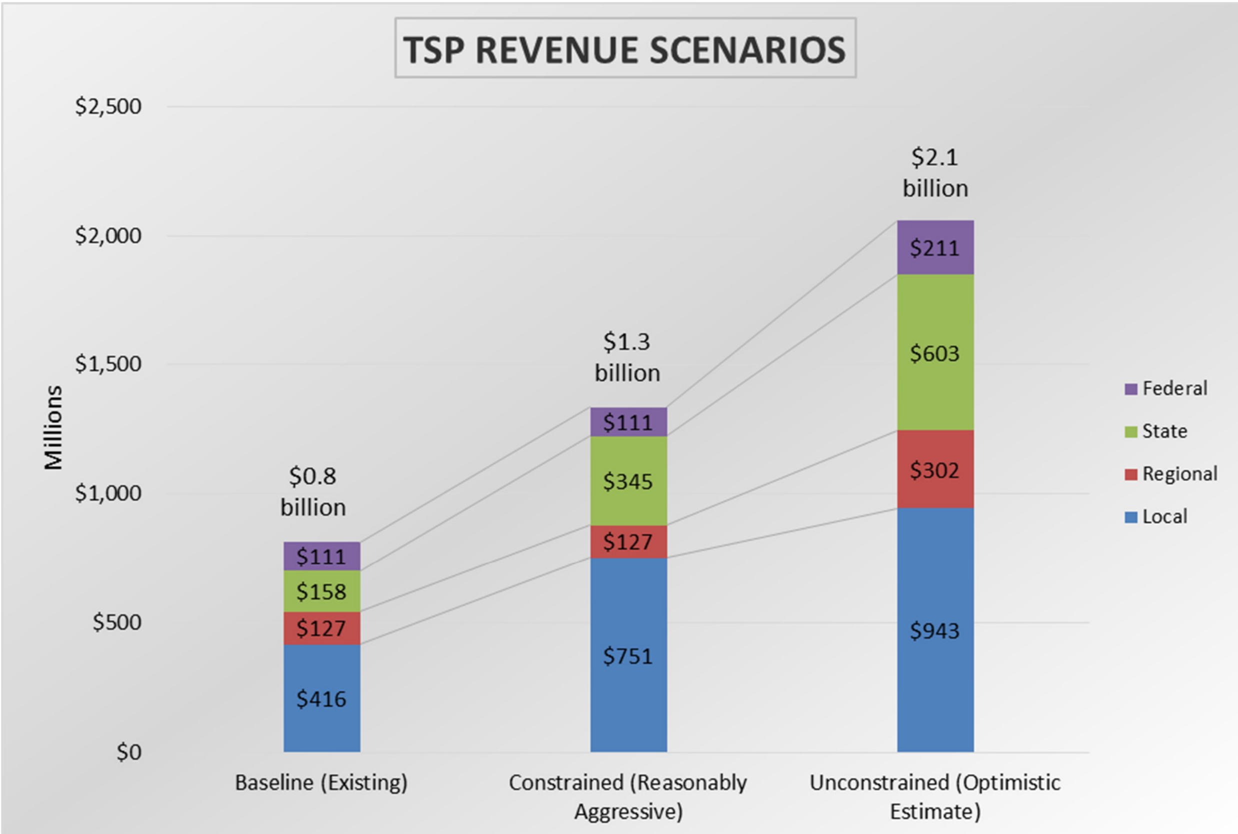
TSP Financial Scenarios

The following three financial scenarios have been developed for the TSP financial plan: Scenario A: "Existing Revenue"; Scenario B: "Constrained (reasonable) Revenue"; Scenario C: "Unconstrained (optimistic) Revenue".

The scenarios provide a range of choices for investment in the City's transportation system, both in terms of the scale of funding assumed to be available from the various revenue sources and the emphasis applied to the different project or activity categories. (The funding capacities of current and potential new revenue sources were discussed previously in this chapter.)

The TSP Constrained scenario is in many ways providing the same function as the RTP's financially constrained system. The *financially constrained system* is the RTP's federally recognized system of planned transportation improvements and financial plan assumptions. It is the system used to determine regulatory compliance with various federal requirements, such as air quality.

Only those revenues that are "reasonably expected" to be available may be assumed in the TSP Constrained scenario.



Discretionary revenues and *dedicated revenues* are the two basic types of revenue source divisions in the TSP. Discretionary revenues typically may be expended on any type of project or transportation service. Dedicated revenues are limited to a specific project purpose, category, location, or established set of projects. For example, Port funds are used only for projects on or accessing Port properties and facilities. (The previous discussion of revenue sources addressed these limitations more fully.) Some exceptions that apply are discussed under the specific assumptions for each financial scenario.

Programmed and unprogrammed are two ways of describing TSP revenues. Revenue that is dedicated to a specific project in a budget document is considered programmed. Revenues that have are not yet committed to a specific project are defined as unprogrammed revenues.

FINANCIAL SCENARIOS

Scenario A: Existing Revenue - $811 million

Funding Assumptions

This scenario uses the funding levels assumed for the RTP's financially constrained system plus existing levels of funding for existing State and local sources. The following table provides the specific funding amounts from each revenue source.

Jurisdiction	Revenue Source	Total
Local	General Transportation Revenue - State Highway Trust Fund Existing	$30.9
	General Transportation Revenue - Parking Existing	$20.3
	General Fund Onetime	$12.9
	Private Development	$75.6
	Institutional Zone Development	$10.0
	Local Improvement District - Commercial & Residential	$27.0
	Local Improvement District - Industrial	$3.0
	System Development Charge	$193.4
	Urban Renewal	$37.3
	Portland Public Schools Bonds	$5.0
Local Total		**$415.5**
Regional	Regional Flex Funds	$116.4
	Port of Portland Funds	$10.9
Regional Total		**$127.3**
State	State Enhanced Funds	$37.7
	Local Improvement District + State/Regional Funds	$40.0
	Highway Safety Improvement Program	$80.0
State Total		**$157.7**
Federal	Federal Discretionary Funds	$64.2
	Federal Transit Funds	$40.0
	Highway Bridge Program	$7.0
Federal Total		**$111.2**
Grand Total		**$811.7**

It is important to note that Scenario A: Existing Revenue assumes revenues keep pace with inflation (and project costs are held constant), and sources that have termination dates (such as Urban Renewal Areas and System Development Charges) are assumed to be reissued to extend over the life of the 20-year plan.

Scenario A produces approximately $811 million over 20 years.

- Assumes revenue continues from 18 existing sources.
- The City is forecast to have only $51.2 million in discretionary funds, known as "general transportation revenue" over the next twenty years, without new funding.

- The City of Portland's share of the state gas tax available for TSP projects is very limited due to decreasing value of state gas tax.
- 56% of existing revenue forecast is from Local Funding Sources, the remaining 44% comes from State and Federal sources.
- Regional, State, and Federal funding sources are projected to continue at current levels.

Funding Restrictions

- About 40% of the available revenue under this scenario is tied to development and may be required to be spent in specific geographies or only on improvements that expand system capacity.
- Beyond the challenges of relying on development for TSP investments, a reliance on competitive grants reduces flexibility.
- Without funding beyond existing funding sources, the Bureau will continue to struggle to find flexible matching dollars to leverage external resources.

Analysis Summary

This scenario does not meet current and future needs of the transportation system:

- Existing revenues are insufficient to meet the current and future needs of the system. The 20 year Existing Revenue forecast provides inadequate funding to cover community priorities identified in TSP Major Projects and Citywide programs: 39% of identified TSP Major Projects and Citywide Program costs are covered by Scenario A: Existing Revenue.
- It does not address the issue of declining revenues for maintenance and operations needs or local community priorities reflected in the reference list categories.

Scenario B: New Local Revenue - $1.3 billion

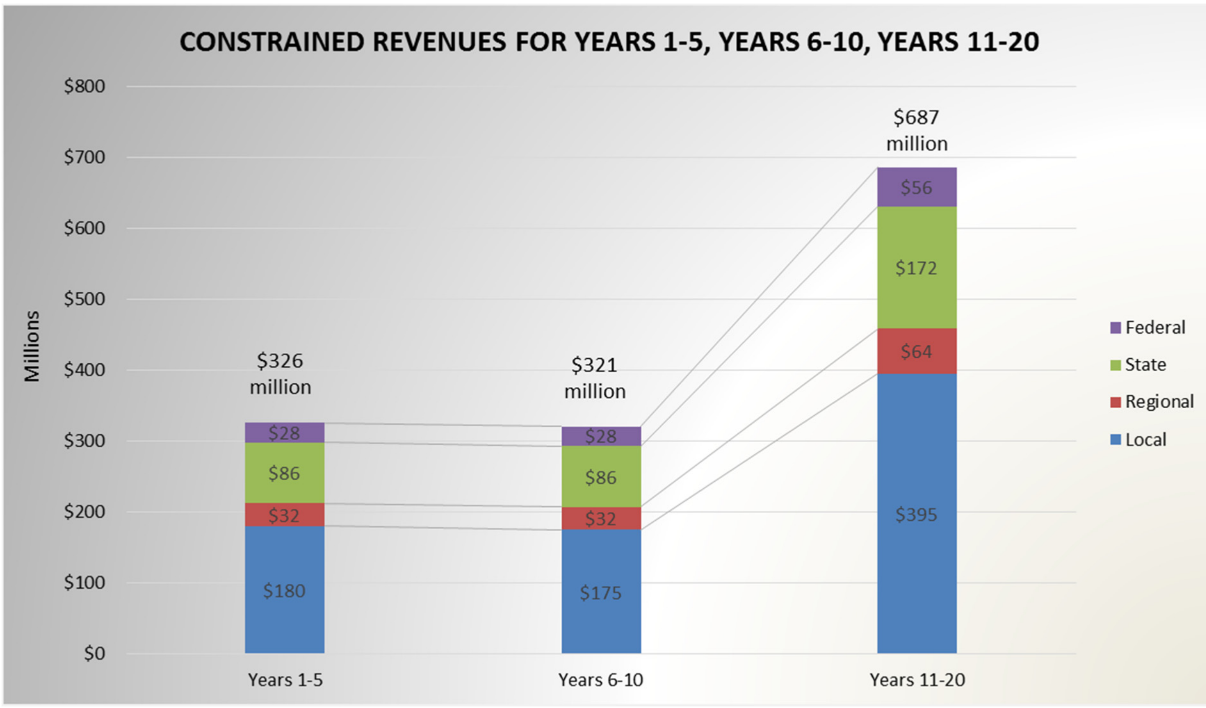
Funding Assumptions

This scenario uses all of the existing funding sources and available resources from Scenario A: Existing Revenue. In addition, it includes revenue from ten new sources.

CONSTRAINED EXISTING 20 YEAR FORECAST REVENUES ($M)		
Jurisdiction	**Revenue Source**	**Total**
Local	General Transportation Revenue - State Highway Trust Fund Existing	$30.9
	General Transportation Revenue - Parking Existing	$20.3
	General Fund Onetime	$12.9
	Private Development	$75.6
	Institutional Zone Development	$10.0
	Local Improvement District - Commercial & Residential	$27.0
	Local Improvement District - Industrial	$3.0
	System Development Charge	$193.4
	Urban Renewal	$37.3
	Portland Public Schools Bonds	$5.0
Local Total		**$415.5**
Regional	Regional Flex Funds	$116.4
	Port of Portland Funds	$10.9
Regional Total		**$127.3**
State	State Enhanced Funds	$37.7
	Local Improvement District + State/Regional Funds	$40.0
	Highway Safety Improvement Program	$80.0
State Total		**$157.7**
Federal	Federal Discretionary Funds	$64.2
	Federal Transit Funds	$40.0
	Highway Bridge Program	$7.0
Federal Total		**$111.2**
Grand Total		**$811.7**

CONSTRAINED NEW 20 YEAR FORECAST REVENUES ($M)		
Jurisdiction	**Revenue Source**	**Total**
Local	Portland Street Fund - Safety	$270.2
	New Parking Policy	$20.0
	Value Capture	$20.0
	Bureau of Environmental Services	$20.0
	Portland Area Schools Bonds	$5.0
Local Total		**$335.2**
Regional	New Regional Revenues - VRF Increase of $1/Year	$0.0
Regional Total		**$0.0**
State	New State Revenues - $15 VRF Increase Every 8 Years	$87.0
	New State Revenues - Additional VRF Increase of $2/Year	$0.0
	Orphan Highways	$100.0
State Total		**$187.0**
Federal	New Federal Revenues - Vision Zero	$0.0
Federal Total		**$0.0**
Grand Total		**$522.2**

- This "reasonably aggressive" forecast includes 1.3 billion in revenue over 20 years – $811 million from existing revenues and $522 million in new revenue.
- 64% of new funding is anticipated from local revenue mechanisms (Portland Street Fund, New Parking Policy, Value Capture, and Bureau of Environmental Services).
- 36% of new funding is based on projected increase in the state vehicle registration fee.



Funding Restrictions

In order to provide additional financial guidance on restrictions on the use of specific funding sources, this update of the TSP summarizes revenues for Scenario B by revenue restriction category. The following is a summary of these five funding restriction categories and forecasted revenue.

REVENUES BY RESTRICTION		
Category	**Total**	**%**
Local Control	$448.4	34%
Location Specific/ Development	$330.8	25%
Multimodal Grants	$366.7	27%
Freight	$108.0	8%
Streetcar	$80.0	6%
Grand Total	**$1,333.9**	**100%**

Local Control – $448 million Constrained (34% of $1.3B)

- $51 million from existing funding
- $397 million from new funding sources

This category includes revenue sources that are generated locally and, in most cases, Portland's City Council sets the priorities for how these revenues are spent. Examples of existing revenues considered to be under Local Control include: Portland share of existing State Highway Trust Fund (Vehicle Registration Fee, weight mile tax and fuel taxes), and existing parking revenues. The following are the anticipated new revenue sources that would be derived through local funding mechanisms:

- $270 million – Portland Street Fund / Our Streets
- $20 million – New Parking Policy
- $20 million – Bureau of Environmental Services
- $87 million – Portland's share of $15 Vehicle Registration Fee (VRF) increase every 8-years

Development Related / Location Specific – $331 million Constrained (25% of $1.3B)

- $311 million from existing funding sources
- $20 million from new funding sources

This category includes revenue sources that are generated by development and where the revenues are generally dedicated to a specific project or location. Examples of existing revenues considered to be Development Related / Location Specific include TSP projects built as part of a private development, Local Improvement Districts (LID), Urban Renewal, and projects built with funds from System Development Charges (SDC). The following are the new revenue sources included in this category:

- $20 million – Value Capture from new source(s) that captures from adjacent properties a portion of the ongoing increase in property value attributable to specific public infrastructure investments

Multimodal Grants -- $372 million Constrained (27% of $1.3B)

- $262 million from existing funding sources
- $110 million from new funding sources

This category includes revenue sources that are generated by grants that can be used on many different transportation modes. These grant streams are more flexible than the grants identified in the Freight Grants and Streetcar Grant categories. Examples of existing revenues considered to be Multi-Modal Grants include Regional Flexible Funds, State Enhance Funds, and Highway Safety Improvement Program (HSIP). The following are the new revenue sources included in this category:

- $100 million – State Orphan Highways Program
- $10 million – Portland Area School Bonds

Freight -- $108 million Constrained (8% of $1.3B)

- $108 million from existing revenue sources

Examples of existing revenues considered to be potential freight revenues include Regional Flexible Funds dedicated to freight projects, Port of Portland contributions to City-led freight projects, a share of SDC and State Enhance (STIP) funds, Federal discretionary funds, and City grant match funds. This revenue does not include substantial revenue for freight projects led by the Port of Portland, ODOT and other agencies.

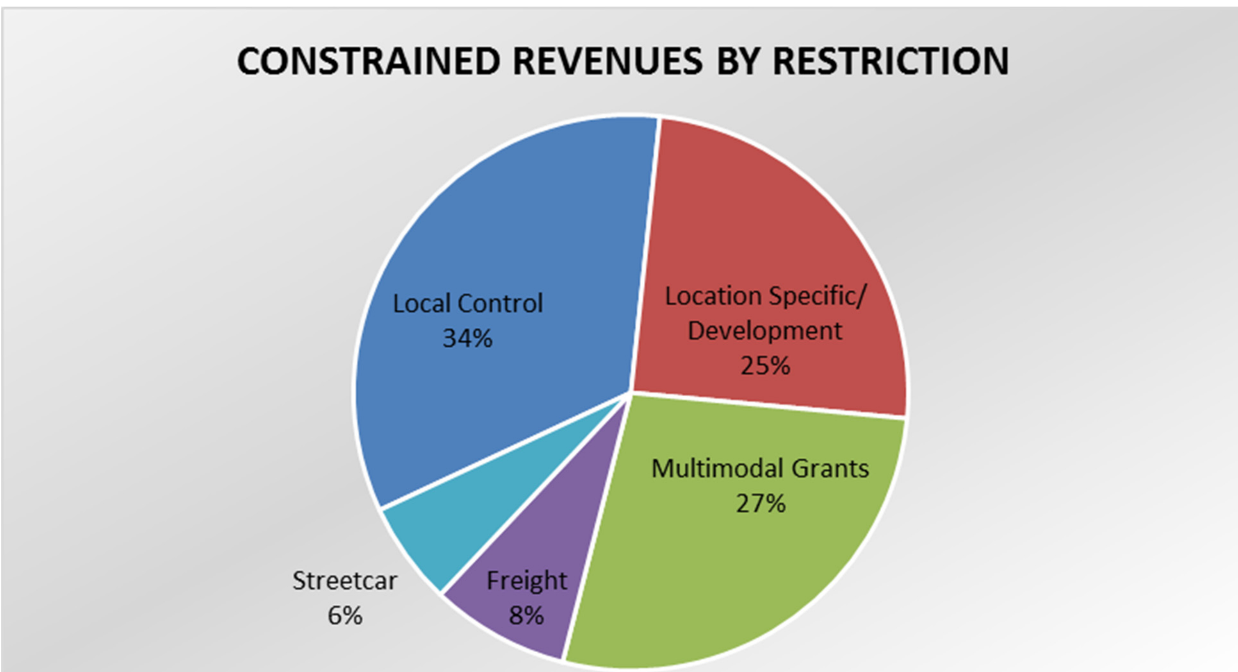
Streetcar – $80 million Constrained (6% of $1.3B)

- $80 million from existing funding sources

This category includes revenue sources that are generated by grants that historically are used for streetcar projects. Examples of existing revenues considered to be streetcar revenues include Federal Transit Funds through the FTA Small Starts Program. Additional assumptions are highlighted to ensure that funding for streetcar projects does not divert revenue from other important transportation needs:

- 50% of funding for new streetcar projects will come from Federal Transit Funds
- The other 50% of match will come from state, regional, SDCs, Value Capture, PDC, and LIDs

Streetcar operating costs would be split between TriMet and Portland based on the Streetcar Master Agreement between agencies. Since streetcar projects can lead to increases in adjacent property values and City General Fund revenue, the Bureau proposes in the future to fund the City's share of streetcar operating costs from General Fund resources.



Analysis Summary

This scenario builds upon Scenario A and meets additional needs. It improves service levels to address community transportation priorities that have been reduced in scale or eliminated by current budget shortfalls. It makes substantial gains toward addressing currently unmet needs to improve local streets to City standards citywide. The new local revenue sources and GTR stabilization provide more funding flexibility to respond to needed programmatic adjustments over time.

- The 20 year constrained revenue forecast covers only 62% of identified TSP Major Projects and Citywide Program projected costs.

Additional Funding Forecasted for Operations and Maintenance: Consistent with the approach taken in the Regional Transportation Plan, Portland is assuming that the state gas tax will be increased by one cent per year over the next 20 years and this additional revenue will be dedicated to operations and maintenance to offset inflation and reduce the maintenance unmet need. In addition, we are assuming that a significant portion of local revenues, including at least half of Portland Street Fund revenue, would be allocated to operations and maintenance. These revenues are not included in the TSP Constrained revenue scenario.

Scenario C: Plan Level Funding - $2.1 billion

Funding Assumptions

This scenario includes all the funding levels and sources from Scenario B, plus it increases certain local revenues by approximately 25%. This scenario produces approximately $2.1 billion.

- Includes existing revenues from Scenario A and new forecasted revenue from Scenario B. This scenario adds three more new revenue sources plus an approximate 25% increase in many revenue sources.
- Includes new funding from regional vehicle registration fee and new federal Vision Zero Grant program.

Funding Restrictions

Scenario C funds all the capital improvement projects identified under Scenario B plus additional major projects on both the regional and local systems serving Portland. It also provides additional funding for maintenance needs and for local livability improvements. It also more closely matches regional revenue with regional projects and local revenue with local projects.

Analysis Summary

This scenario substantially increases the number and size of capital improvements compared with the other scenarios. Like Scenario B, Scenario C makes sizeable gains toward addressing current unmet needs for preservation and rehabilitation projects. It returns community transportation priorities to adequate service levels and allows for potential enhancements in system management activities. It also makes substantial gains toward addressing currently unmet needs to improve local streets to City standards citywide.

The new revenue sources and GTR replenishment provide local funding flexibility, make available a pool of discretionary funds to meet various policy objectives and performance measures, and can respond to needed programmatic adjustments over time. Scenario C funds all of the City's 2014 RTP projects, thus alleviating potential issues concerning TSP compliance with the RTP.

- This scenario covers 100% of TSP Major Project and Citywide Program projected costs that are identified.

REVENUE ASSUMPTIONS

The following section provides more details on the revenue mechanisms included in the three scenarios. For each revenue source, we provide a summary of the source and an explanation for the forecasted revenue.

TSP 20 YEAR FORECAST REVENUES BY SCENARIO($M)				
Jurisdiction	**Revenue Source**	**Existing**	**Constrained (Reasonably Aggressive)**	**Unconstrained (Optimistic Estimate)**
Local	General Transportation Revenue - State Highway Trust Fund Existing	$30.9	$30.9	$34.0
	General Transportation Revenue - Parking Existing	$20.3	$20.3	$22.4
	General Fund Onetime	$12.9	$12.9	$15.5
	Private Development	$75.6	$75.6	$94.5
	Institutional Zone Development	$10.0	$10.0	$12.5
	Local Improvement District - Commercial & Residential	$27.0	$27.0	$46.8
	Local Improvement District - Industrial	$3.0	$3.0	$5.2
	System Development Charge	$193.4	$193.4	$241.8
	Urban Renewal	$37.3	$37.3	$44.7
	Portland Street Fund - Safety	$0.0	$270.2	$337.8
	New Parking Policy	$0.0	$20.0	$25.0
	Value Capture	$0.0	$20.0	$25.0
	Bureau of Environmental Services	$0.0	$20.0	$25.0
	Portland Public Schools Bonds	$5.0	$5.0	$6.3
	Portland Area Schools Bonds	$0.0	$5.0	$6.3
Local Total		**$415.5**	**$750.8**	**$942.7**
Regional	Regional Flex Funds	$116.4	$116.4	$145.5
	Port of Portland Funds	$10.9	$10.9	$100.0
	New Regional Revenues - VRF Increase of $1/Year	$0.0	$0.0	$56.1
Regional Total		**$127.3**	**$127.3**	**$301.6**
State	State Enhanced Funds	$37.7	$37.7	$56.5
	Local Improvement District + State/Regional Funds	$40.0	$40.0	$70.0
	New State Revenues - $15 VRF Increase Every 8 Years	$0.0	$87.0	$87.0
	New State Revenues - Additional VRF Increase of $2/Year	$0.0	$0.0	$164.2
	Orphan Highways	$0.0	$100.0	$125.0
	Highway Safety Improvement Program	$80.0	$80.0	$100.0
State Total		**$157.7**	**$344.7**	**$602.7**
Federal	Federal Discretionary Funds	$64.2	$64.2	$80.3
	Federal Transit Funds	$40.0	$40.0	$80.0
	Highway Bridge Program	$7.0	$7.0	$8.8
	New Federal Revenues - Vision Zero	$0.0	$0.0	$42.0
Federal Total		**$111.2**	**$111.2**	**$211.0**
Grand Total		**$811.7**	**$1,333.9**	**$2,058.1**

Existing Local Revenue Category:

1. **General Transportation Revenue – State Highway Fund Existing:** State Highway Fund (comprised of motor fuels tax, vehicle titling and registration fees, and weight-mile tax imposed on trucks) is the primary source of General Transportation Revenue (GTR). GTR is a flexible funding source that may be applied to a wide range of capital improvement projects, maintenance activities, and operating expenses.

Nearly all other local funding sources have some sort of dedicated restrictions for their expenditures and are typically limited by project purpose, scale, timing, or location. Its flexibility makes GTR the most useful funding source for implementing TSP policy goals.

State Highway Trust Fund monies are constitutionally restricted for use on "construction of roads, streets, and roadside rest areas."

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	General Transportation Revenue - State Highway Trust Fund Existing	$30.9	$30.9	$34.0

Current level of GTR funding for TSP projects is projected at $2.5 million per year in PBOT's 5-Year Financial Forecast totaling $30.9 million in the Existing scenario. The Constrained forecast is unchanged from Existing at $30.9 million. The Unconstrained scenario assumes incrementally more revenues totaling $34.0 million.

2. **General Transportation Revenue – Parking:** The second source of General Transportation Revenue is from the on-street parking meter system and the Smart Park garages. Revenues from parking are comprised of parking fees and citations. Unlike the State Highway Trust Fund revenue, parking revenue is not constitutionally restricted and can be used on all modes of transportation.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	General Transportation Revenue - Parking Existing	$20.3	$20.3	$22.4

Current level of existing Parking revenues for the 20-Year TSP is projected at $20.3 million in both the Existing and Constrained scenarios. Similar to the State Highway Trust Fund, the Parking revenues assumption is derived from PBOT's 5-Year Financial Forecast of approximately $1.0 million per year allocated to Capital Improvement Projects (CIP). The Unconstrained scenario assumes a 10% increase in revenues and is projected at $22.4 million.

3. **City General Fund – Onetime Allocations:** Over the past few years, City Council has allocated a relatively small amount of one-time General Fund revenue to PBOT for TSP projects and programs.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	General Fund Onetime	$12.9	$12.9	$15.5

Historically, PBOT has been receiving General Fund Onetime allocations at different levels depending on the request. The previous 5-year average of Onetime General Fund allocations to PBOT is slightly over $0.6 million per year. The Existing and Constrained scenarios reflect the historical trend. The Unconstrained scenario is increased by 25% which assumes growth in General Fund revenues above what is reflected in the City's latest forecast.

4. **Private Development:** The permitting process for private developments often results in code-required transportation improvements. This is in addition to permit fees that are set to cover the cost of plan review. This revenue source attempts to identify the revenue that will cover TSP project costs.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	Private Development	$75.6	$75.6	$94.5

Historically, the City identifies about $10 million per year in transportation improvements tied to the development process. Development review staff estimate that about 35% of these required improvements cover TSP Major Projects or Citywide programs. As a result, we estimate $75.6 million in the Constrained scenario and $94.5 to reflect additional revenue in the Unconstrained scenario.

5. **Institutional Zone Development:** Hospitals, universities, and other large institutions invest in transportation infrastructure improvements through their conditional use permits and/or Master Plans. The new Comprehensive Plan proposes to implement institutional zones which will remove the Conditional Use status for these institutions. We anticipate institutions will continue to invest in transportation improvements as a part of the new Institutional Zone Development process. This process may take the form of specific development agreements between the City and the institution, or some other codified requirement for ongoing transportation coordination with the City.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	Institutional Zone Development	$10.0	$10.0	$12.5

Staff estimate $10 million in the Constrained scenario and $12.5 in the Unconstrained scenario. [This number will likely be refined through the Institutional Zoning implementation process.]

6. **Local Improvement Districts (LID) Commercial / Residential:** A Local Improvement District (LID) is a method by which a group of property owners can share in the cost of infrastructure improvements, most commonly for transportation, stormwater, and transit projects. LID participants are eligible to finance the completed improvements for periods of up to 20 years. Interest rates offered by the City through tax-exempt bonds are typically lower than conventional alternatives.

   State law and City code govern the formation of LIDs, the assessment methodology, and other factors. LIDs are usually funded by the participants but may also be combined with other project funding sources to leverage available resources. LIDs can be formed only for capital improvements—not for maintenance. The City accepts maintenance responsibility for streets after they are improved to current City standards.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	Local Improvement District - Commercial & Residential	$27.0	$27.0	$46.8

The assumption for LID funding is $27.0 million for both the Existing and Constrained scenarios. The funding is largely from the property owners though, in some instances, did include other funding sources. This represents approximately 58% of historical LID projects which required additional funding sources such as PDC tax increment funding and Community Development Block grants which have since dried up. The Unconstrained figure of $46.8 million reflects historical LID funding and assumes that additional funding sources similar to tax increment funding or grants will evolve to support LID projects.

7. **Local Improvement Districts (LID) Industrial:** A Local Improvement District (LID) is a method by which a group of property owners can share in the cost of infrastructure improvements, most commonly for transportation and stormwater. LID participants are eligible to finance the completed improvements for periods of up to 20 years. Interest rates offered by the City through tax-exempt bonds are typically lower than conventional alternatives.

State law and City code govern the formation of LIDs, the assessment methodology, and other factors. LIDs are usually funded by the participants but may also be combined with other project funding sources to leverage available resources. LIDs can be formed only for capital improvements—not for maintenance. The City accepts maintenance responsibility for streets after they are improved to current City standards.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	Local Improvement District - Industrial	$3.0	$3.0	$5.2

The Industrial LID revenue assumption is about $3.0 million for the Existing and Constrained scenarios. The Unconstrained revenue is increased by about 75% to $5.2 million as it assumes further LID development in industrial areas.

8. **System Development Charges:** The City adopted a system development charge (SDC) in 1997 as a financing mechanism to help compensate for the traffic impacts created by urban growth. Funds are generated through a one-time fee assessed on new development.

SDC funding can be used on capital improvement projects that increase transportation system capacity as necessary to serve new development. The SDC cannot be used to address existing system deficiencies or operating and maintenance activities.

The City updates the Eligible SDC project list every 10 years with the next update anticipated for 2017. The City has also twice created SDC "overlay districts" to fund specific additional transportation infrastructure projects in areas projected to experience a high level of growth and with particular transportation deficiencies. These SDC Overlay districts have created additional revenue for these areas.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	System Development Charge	$193.4	$193.4	$241.8

The SDC revenue projection is based on the most recent SDC Renewal project list through 2017 and then extended to 2035 using a historical growth rate. This projects to $193.4 million in both the Existing and Constrained scenarios. The Unconstrained scenario at $241.8 million is based on a 25% growth increase in SDC revenues based on increased rate of development and/or the future creation of new SDC overlay districts focused on specific subareas experiencing a high level of growth.

9. **Urban Renewal:** Portland voters created the Portland Development Commission (PDC) as an urban renewal agency in 1958. PDC's purpose is to deliver projects and programs in selected areas of the City to achieve housing, economic development, and redevelopment goals. Each designated urban renewal district has a plan that defines projects or programs needed to help the district achieve its long-term land use goals. Many urban renewal districts are located within key 2040 Growth Concept areas, such as the Central City, regional centers, town centers, main streets, and industrial areas.

   A tax increment financing mechanism is used to create urban renewal funds. Basically, the growth in property tax revenues generated within an urban renewal district is used to secure bonds to finance projects and programs within that district. Each urban renewal plan area includes many transportation projects and programs, which have been incorporated into the TSP's list of transportation system improvements. Funds generated within each district must be spent within that district and are not available to finance TSP projects outside the district.

   Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Urban Renewal**	**$37.3**	**$37.3**	**$44.7**

   Urban Renewal projections are based off PDC's 2015-2025 modeling for the first 10 years and the last 10 years reflect assumptions around creating three new urban renewal districts with the estimated revenues for transportation projects at 15% of total tax increment funding. This totals $37.3 million for the Existing and Constrained scenarios. The Unconstrained scenario assumes a 20% increase of the Constrained revenues.

10. **School Partnerships (PPS):** Portland voters recently approved a school bond measure that included funding for traffic safety improvements at PPS schools. The process developed in partnership between PPS and the City ensures that development fees are prioritized for safety improvements near the "neediest" schools.

   Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Portland Public Schools Bonds**	**$5.0**	**$5.0**	**$6.3**

   The Portland Public Schools bond measure contributes $5.0 million over the first 5 years of the TSP financial plan and is reflected in the Existing and Constrained scenarios. The Unconstrained scenario adds another $1.3 million assuming additional funding will become available above and beyond the initial $5.0 million bond measure.

Existing Regional Revenue Category

11. **Regional Flex Funds:** Metro's Regional Flexible Funds Program redirects funding from the Federal Highway Administration's Surface Transportation, Congestion Mitigation and Air Quality, and Transportation Alternatives Programs for non-highway transportation projects, focusing mostly on transit, bicycle, pedestrian, and TDM projects. In addition, funds are available for planning, research, and project development that supports those projects. Funding made available is restricted for use on the approved project but may also be used for related programs and services

    Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Regional	Regional Flex Funds	$116.4	$116.4	$145.5

    This forecast is consistent with the Metro RTP forecast, prorated to the first 20 years of the Metro 27-year projection in both the Existing and Constrained scenarios. The Unconstrained scenario assumes a 25% increase to $145.5 million.

12. **Port of Portland Funds**: The Port of Portland is a transportation agency within the City of Portland that is responsible for providing cost-competitive freight and passenger access to regional, national, and international markets.

    The Port produces a Port Transportation Improvement Program (PTIP) that identifies a list of transportation system investments that provide access to existing and expanding Port facilities and property developments. Projects and information contained in the PTIP is coordinated with Metro's MTIP, and relevant projects are incorporated into the TSP's list of transportation system improvements.

    Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Regional	Port of Portland Funds	$10.9	$10.9	$100.0

    The Existing and Constrained forecast of $10.9 million represents the Port of Portland's estimated investments in City of Portland-led TSP projects. The Unconstrained scenario is a $100.0 million scenario which assumes $5.0 million per year in funding.

Existing State Revenue Category

13. **State Enhance Funds:** Enhance Funds are part of the Statewide Transportation Improvement Program (STIP). Projects are allocated funds through a competitive grant application, and awards are determined by the Oregon Transportation Commission. Those approved for Enhance Funding are projects that help meet or advance the goals and objectives of the Oregon Transportation Plan (OTP) and typically enhance, expand, or improve the transportation system.

    A wide diversity of projects are eligible for Enhance funding, including, but not limited to: highways, bicycle and pedestrian facilities, roadway modernizations, right-of-way purchases, public transportation, Safe Routes to Schools, scenic byways, transportation alternatives, and transportation demand management. Public transportation capital projects are also eligible for Enhance funds. Funds are limited to the specific project that was approved.

    Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	State Enhanced Funds	$37.7	$37.7	$56.5

    The TSP State Enhance Funds follow the Metro assumptions prorated at $37.7 million for 20 years in the Existing and Constrained scenarios. The Unconstrained scenario at $56.5 million is a 50% increase against the Constrained scenario.

14. **State/Regional/LID (Streetcar Specific):** This revenue source is intended to identify the revenues that will be needed to pay the match on the streetcar expenditures identified in the TSP constrained list. It assumes that 50% of project revenue will come from a federal transit grant and that the 50% of local revenue will be from a local improvement district, a state allocation, or regional revenue.

    Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	Local Improvement District + State/Regional Funds	$40.0	$40.0	$70.0

    The TSP Constrained scenario assumes $40 million from the federal Small Starts program. It is our assumption that a 50% match will be necessary. Portland has traditionally been able to find match from LIDs and/or state/regional sources. As a result, we have included $40 million of State/Regional/LID (streetcar specific) in the Constrained and $70 million in the Unconstrained scenario.

15. **Highway Safety Improvement Program:** The Moving Ahead for Progress in the 21st Century Act (MAP-21) went into effect on October 1, 2012. It continued the Highway Safety Improvement Program (HSIP) as a core Federal aid program. The goal of the program is to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads that focuses on performance.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	Highway Safety Improvement Program	$80.0	$80.0	$100.0

The HSIP Existing and Constrained scenarios assume $80.0 million at $4.0 million annually. The Unconstrained scenario increases to $5.0 million annually to generate $100.0 million over the 20 year forecast.

Existing Federal Revenue Category

16. **Federal Discretionary:** Federal discretionary revenue identifies resources that are traditionally allocated to discretionary grants. The most recent federal discretionary program is for TIGER grants (Transportation Investment Generating Economic Recovery). These grants are available to invest in road, rail, transit, and port projects that promise to achieve critical national objectives. Projects that emphasize repair, economic competitiveness, livability, environmental sustainability, safety, and project readiness are given priority.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Federal	Federal Discretionary Funds	$64.2	$64.2	$80.3

The Existing and Constrained scenarios forecast of $64.2 million is a combination of historical TIGER grant funding to the City of Portland, plus Metro's RTP projection of other Federal discretionary grants, prorated from 27 to 20 years. The Metro assumption is that City of Portland represents approximately 30% of total TIGER grants awarded to the region at $2.3 million per year. To be consistent with Metro, this forecast uses $2.3 million to generate $46.0 million over the 20-year TSP forecast. The remaining $18.2 million comes from other Federal grants. The Unconstrained scenario assumes a 25% increase over the Constrained scenario.

17. **Federal Transit Funds:** This funding source includes revenue from the FTA Small Starts program, which focuses on new capital investments with total budgets less than $250 million and requested funding less than $75 million. Funding from this source is limited to specific projects that have been approved and must be either a fixed guideway project (those that use rail and operate a separate right-of-way) or a bus rapid transit project. Portland has historically used these grants to help with the development of the Streetcar system.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Federal	**Federal Transit Funds**	**$40.0**	**$40.0**	**$80.0**

The Existing and Constrained scenarios at $40.0 million are based on past Portland history and a "reasonable" staff estimate of available resources in the increasingly competitive Small Starts Program. The Unconstrained scenario assumes $80.0 million.

18. **Highway Bridge Program:** The Highway Bridge Program provides funding to enable States to improve the condition of their highway bridges through replacement, rehabilitation, and systematic preventive maintenance.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Federal	**Highway Bridge Program**	**$7.0**	**$7.0**	**$8.8**

The Highway Bridge Program is based on Federal Grant funding and is projected at $7.0 million over the TSP forecast for the Existing and Constrained scenarios. The Unconstrained forecast adds an incremental amount of funding to total $8.8 million.

New Local Revenue Category

19. **Portland Street Fund (Safety):** In 2014, Mayor Charlie Hales and Commissioner Steve Novick began a community conversation to identify new discretionary revenue for PBOT. The intent of this new revenue was to charge both the non-residential and residential communities a fee based on use of the system. These new funds would be allocated to meeting unmet maintenance and safety needs. Consistent with the intent of the Portland Street Fund, Portland Street Fund (Safety) revenues are allocated to TSP projects and programs.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Portland Street Fund - Safety**	**$0.0**	**$270.2**	**$337.8**

The Portland Street Fund assumes 56% of revenues are allocated to Maintenance and 44% allocated to Safety. The $270.2 million in the Constrained scenario represents the Safety portion of the revenues based on the modeling and distribution to Safety projects. Projected revenues are not expected to contribute until at least Year 2 of the TSP timeframe. The Unconstrained scenario assumes a 25% increase to $337.8 million.

20. **New Parking Policy:** Portland is continuing to develop ways of using smart parking practices to better manage the transportation system. For example, over the next 20 years we anticipate parking meter districts will continue to expand to improve access in high growth centers.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**New Parking Policy**	**$0.0**	**$20.0**	**$25.0**

In FY 2015-2016, the Bureau projects approximately $40 million in revenue in on- and off-street parking revenue. The $1 million annual assumption of additional revenue from New Parking Policy represents less than a 3% increase in existing parking revenues.

21. **Value Capture:** Large public investments in transportation infrastructure can increase the value of adjacent private land, sometimes substantially. Capturing the value of this benefit through various tools is gaining interest as a finance mechanism for infrastructure investments. Major financing techniques associated with value capture include joint development of infrastructure and adjacent private parcels, rezoning and reselling, impact fees, special assessment districts, and tax increment financing.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Value Capture**	**$0.0**	**$20.0**	**$25.0**

Value Capture is another new revenue source that PBOT will need to define further. The Constrained scenario projects $20.0 million over 20 years, and the Unconstrained scenario is at $25.0 million.

22. **Bureau of Environmental Services (BES):** Many transportation improvements include significant costs resulting from the need to improve the stormwater system concurrent with transportation improvements. Recent partnerships between PBOT and BES indicate that there are significant opportunities to prioritize projects that will leverage BES funds in a way that improve the effectiveness of both PBOT and BES.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Bureau of Environmental Services**	**$0.0**	**$20.0**	**$25.0**

The assumption is that PBOT will continue to partner with BES in a more efficient manner on projects. The current projection is $20.0 million in Constrained and $25.0 million in the Unconstrained scenarios.

23. **Portland Area Schools Bond:** Following the success of the recent efforts on the PPS school improvement bonds to prioritize safety improvements near the “neediest” schools, this new revenue source assumes that we will have a similar effort at PPS or other school districts. Funding for safety improvements will focus on issues within the school building but can also be used for things such as sidewalk and crosswalk improvements.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Local	**Portland Area Schools**	**$0.0**	**$5.0**	**$6.3**

Portland Area School funding is a new revenue stream and is not reflected in the Existing scenario. The Constrained scenario assumes that this new revenue stream will begin in Year 6 of the TSP and will generate $5.0 million in years 6-20. The Unconstrained scenario increments the Constrained scenario by 25% at $6.3 million.

New Regional Revenue Category

24. **Regional Vehicle Registration Fee – Increases by $1 every year for 20-years:** during the last update of the Regional Transportation Plan, the Joint Policy Advisory Committee on Transportation (JPACT) recommended the creation of a new local/regional vehicle registration fee that would increase $1 annually over the next 20 years. This recommendation was included in the adopted RTP.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Regional	New Regional Revenues - VRF Increase of $1/Year	$0.0	$0.0	$56.1

The assumptions for Regional revenues are based off the Multnomah County's current $19 annual Vehicle Registration Fee (VRF). Adding an incremental $1 per year for 20 years generates $56.1 million over the TSP forecast in the Unconstrained scenario.

New State Revenue Category

25. **Increase in State Vehicle Registration Fee -- $15 VRF increase every 8-years:** Similar to the local/regional vehicle registration fee, the last update of the Regional Transportation Plan assumed that there would be a $15 increase in the current state VRF every eight years.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	New State Revenues - $15 VRF Increase Every 8 Years	$0.0	$87.0	$87.0

Based on Metro's assumptions, a $15 VRF increase every eight years would generate an estimated $87.0 million in the Constrained scenario. The Unconstrained scenario remains the same at $87.0 million.

26. **State Orphan Highway grant program:** There is a growing awareness in Oregon that Orphan Highways are one of our biggest safety, livability, and economic challenges. "Orphan highways" are ODOT-owned facilities that function as local, as well as regional, streets. Examples of orphan highways in Portland include Powell, Barbur, and 82nd Avenue. This revenue stream assumes a new state grant program with revenue dedicated to improve conditions on orphan highways.

Revenue Assumption:

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	Orphan Highways	$0.0	$100.0	$125.0

The current Oregon Transportation Forum proposal identifies a future grant program supported by a one cent increase in the state gas tax and weight-mile equivalent. It is estimated that this increase will raise $26 million per year and $520 million over twenty years. Assuming that Portland receives an allocation proportional to our crash history on State Orphaned Highways, we estimate that we will receive $100 million in the Constrained scenario and $125 million in the Unconstrained scenario.

27. Additional VRF increase of $2 per year:

The Unconstrained RTP scenario includes an additional $2 annual increase in the State VRF.

The last update of the Regional Transportation Plan assumed that there would be a $15 increase in the current state VRF every eight years in the Constrained scenario.

<u>Revenue Assumption:</u>

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
State	New State Revenues - Additional VRF Increase of $2/Year	$0.0	$0.0	$164.2

Consistent with the RTP, Portland's Unconstrained scenario includes a $2 annual increase in the State VRF (this increase is in addition to the VRF increase in the Constrained scenario). The revenue assumption is from the Metro forecast.

New Federal Revenue Category

28. Federal Vision Zero grant program

There are currently efforts to create a federal Vision Zero Safety Program. As currently described, this program would likely be a grant process that supports efforts to eliminate fatalities and serious injuries.

<u>Revenue Assumption:</u>

Jurisdiction	Revenue Source	Existing ($M)	Constrained (Reasonably Aggressive) ($M)	Unconstrained (Optimistic Estimate) ($M)
Federal	New Federal Revenues - Vision Zero	$0.0	$0.0	$42.0

Vision Zero would be funded by new Federal Grant revenues that would support Transportation Safety project work. For the purpose of identifying a revenue target for the Unconstrained TSP scenario, project staff estimated annual program funding of approximately $1 million per year.