

CET Funding Sub-Committee
NOTES
November 15, 2013
9a-11a, 716 SW Evergreen Redmond, OR 97756

Members:

Gary Farnsworth (ODOT), Jason Carr (City of Prineville/COIC Board), Alan Unger (Deschutes County/COIC Board), Karen Friend (COIC/CET), Victor Chudowsky (City of Bend), Matt McCoy (COCC), Ken Fahlgren (Crook County), Wendy Holzman (City of Sisters), Jeff Monson (Commute Options), Mike Riley (The Environmental Center), Matt Shinderman (OSU-Cascades)

Guests:

Jim Bryant (ODOT), Joni Bramlett (ODOT), Keith Witcosky (City of Redmond), Bill Duerden (City of Redmond)

Staff:

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

Action Items:

- Add each city's current local contribution to the cost estimate table.
- Change final 'Principle' bullet point about the voter-approved measure to an 'Assumption.'
- Email draft recommendations to the committee within the week for review.
- Add "continued engagement and outreach with Councils and Commissions" to the Outreach plan.
- COIC to develop potential 'Action Items' for development code revisions.

Welcome and Introductions

Jason Carr opened the meeting and welcomed the committee. They proceeded with introductions.

Committee Business and Updates

a. Meeting Minutes – November 1

Andrew Spreadborough directed the committee to the meeting minutes from November 1. He explained they would be primarily discussing Dedicated Local Funding tools and Outreach and Engagement. He reminded the committee they added a December 13th meeting to the calendar and that between now and December 13th the committee (and other partners) would have a chance to review draft recommendations.

b. ORS 190.083 Legislative Fix Update

Alan Unger explained the 190.038 legislative 'fix' was to clarify the law that governed COIC and other Councils of Government, specifically their ability to levy a tax for transit operations. He stated that the goal was to introduce a bill in the next session to allow COIC to collect taxes to manage the transit system. He explained that he had taken the change to the Association of Oregon Counties who had been unable to find a Committee willing to make it one of their three bills. He also asked Representative

Tobias Reed why the legislative change would not be a priority. He requested ODOT to ask for an assessment of current statute and their opinion was that COIC did not need a legislative change to levy a tax for transit operations. He intended to meet with ODOT today for clarification. Andrew explained that the response from ODOT meant they were facing contradictory legal opinions (contradicts Bend counsel) on the meaning of ORS 190.083. He explained that they did not want to assume they had the authority to tax and then face a legal challenge. Alan explained that only a body of the state could address the Attorney General's office for a formal opinion and that he would be encouraging ODOT or a legislator to ask.

Andrew added that the memo and proposed mark-up to the statute were included in the meeting materials.

c. Review Service Cost Estimates by Community

The committee reviewed the handout. Andrew explained that the cost estimates were high level (there were additional variables that could affect actual costs) and they were formulated for Scenario B level of service.

Scott Aycock added that while Scenario B included capital replacement, it was not included in the estimate provided. The estimate was only for operations cost. He added that there were different opportunities for match for capital costs than for operations. Jim Bryant asked if the cost for Redmond included fixed route. Karen Friend responded that it included the operational transition but not the associated capital costs (stop infrastructure, etc).

Andrew explained a high level estimate would be 50% of the far right 'Total Cost' column would need to be provided by local funding sources (federal contribution covers 40-50% and fares cover 10%).

Action Item: Add each city's current local contribution to the cost estimate table.

Victor Chudowsky asked for confirmation that Bend would need to increase their contribution to \$1.25 million in order to reach Scenario B. Karen confirmed.

Develop Dedicated Local Funding Source Recommendations

Scott stated that the Committee had discussed dedicated local public funding during the November 1 meeting, but did not leave with an emerging consensus. Since the November 1 meeting, COIC developed a series of decision-making principles to help guide the conversation.

Scott reviewed the 'Assumptions' (as described in Attachment C):

1. Partnerships would help augment service, but required a base level of service to develop.
2. Fares would never recoup 100% of transit cost (that would be a taxi service). However, they could set a target farebox recovery rate, and fares are a good source of flexible money.
3. COIC needs a dedicated local revenue base in order to provide viable transit service.

Scott next reviewed the draft 'Principles' to guide the group and asked for questions and/or concerns.

1. Transit should be provided across the region (service intensity would vary by community).
2. Funding mechanisms should be consistent with ongoing regional governance of transit.

3. Entities that most benefit need to participate (pay in). For instance, if transit was funded via a property tax, large non-profits (St Charles, COCC/OSU) wouldn't be contributing because they do not pay property taxes. Their contribution would need to be collected via a different mechanism.
4. A public funding mechanism (tax) is unlikely to pass in the short-term.

Jim commented that it was important to recognize fares as a component of funding. Scott explained that COIC recognized fares as an input, but needed to emphasize the fact that transit is not a for-profit business, and farebox recovery will never be 100%. Karen added that current farebox recovery was 11.6%. The Regional Public Transit Advisory Committee (RPTAC) had proposed a new fare structure to the COIC Board to reach 25% farebox recovery, but the Board was uncomfortable with increasing fares so quickly. The RPTAC would be working on an incremental, conservative fare increase. Mike Riley suggested including fares as a part of the funding, since he doubted that Central Oregon would elect to have a fare-less system. Scott stated that the only assumption was fares would not be the solution to the local funding deficit.

Victor explained his opposition to imposing a utility fee in Bend. When transit started, the City of Bend thought there may be enough public interest for funding transit (i.e. willingness to pass a property tax) to free up General Fund money for the fire department. In the interim, they considered imposing a utility fee for the fire department. However, the reaction was extremely negative. He reiterated the unpopularity of a utility fee, especially as the City would have water and sewer fee increases in the near future. He continued to explain that Bend was pursuing a local option levy in May 2014 to fund the fire department that would significantly free up the General Fund. The City was also collecting additional property tax as a result of economic recovery. He thought it was likely the City of Bend would be able to provide additional funding for transit through the General Fund.

Referring to the first draft principle, Matt McCoy asked Scott to clarify how a "modest" contribution from each City would be determined. Mike added that they should include a rational basis for each local contribution. Scott explained that he used terminology like "modest" because they were seeking a high level funding strategy for short term vs. long term. He added that it was likely that each community's funding tool would be different, and he wanted to keep the principles general. Jeff Monson suggested removing the "modest amount" and rephrase to read: "all parts of the region should contribute to achieve base service." Alan commented that each City would have to discuss their priorities and realize the benefits of transit to commit to a General Fund contribution on par with the City of Bend.

Victor added that Bend had been funding transit for 10 years and it was embedded in their budget. He explained that they would like to have the extra \$1 million from the General Fund but their contribution was not on shaky ground - even during the severe economic downturn they continued to contribute (as they were required to). Matt added that the community recognized that they didn't lose any services because the City was paying for transit. Victor added that they were getting the best deal possible, with nearly 50% of the cost of service paid by contributions from the federal government.

Jim asked why "maintaining regional governance" was included in the principles. Scott explained that the committee's desire to maintain regional governance would affect the funding tools available. For example, a payroll tax could only be levied by a Mass Transit District (only Deschutes County qualified). This would confuse a regional system. Members then discussed the need for equity (Principle 3), and

Scott explained that different funding tools could leave some entities out even if they were heavily dependent on transit service (ex. St. Charles wouldn't pay property tax).

Scott continued to Table 1. He explained that the two short-term options - General Fund and Utility Fee - were a reflection of the current reality. Joni Bramlett asked if a utility fee could be in place without voter approval. Scott explained yes, but it was extremely politically unpopular. He continued that there was a general consensus that each community should have a base level of service, and any additional service beyond "base" should carry an extra price tag. Keith Witcosky asked if "base" service was the same as current service. Scott explained that the "base" service they were considering was Scenario B from previous presentations (enhanced current service, adds capital replacement, marketing, etc).

Joni asked how "equitable" service would be determined. She compared La Pine, Sisters and Crooked River Ranch and their contributions. Scott explained that Sisters did not prioritize local transit service, Crooked River Ranch did not contribute any funding and did not have service, and La Pine had identified transit as a community priority (funded by contributions from the Citizens Action Group and Deschutes County). Joni responded that "equitability" would need a standard measure. Scott agreed and explained that there were two general determinants for level of service: expression of need and resource availability. Karen added that there were a lot of communities where CET didn't provide service, and that service within City limits had been prioritized. She added that in the case of La Pine and Sisters, La Pine had been more vocal about their need and CET had responded with increased service. Their service is partially "subsidized" with regional funds. She continued that any other community that wanted service would need to contribute. Joni expressed a desire to see some service for Crooked River Ranch.

Jason Carr suggested that COIC get in front of the local Councils and Commissions as frequently as possible. With so many priorities, it may take some time to convince them that transit is a priority. He suggested explaining the level of service and associated cost, then putting it on local backs to figure out a way to maintain their service (if that's what they want).

Matt suggested that each community should buy their portion of the system per the cost of service provided them. He added that each community's definition of "equal" or "equitable" would be different and that COIC needed a clear mechanism for determining local contribution based on proportionality. Andrew explained that they have the Scenario B cost estimate, and know that federal grant money covers about half of the total. With just this information, they can start assigning local service cost amounts to each community. Karen added that the cost was based on service hours provided to each community, and so is a proportional distribution of the costs.

Scott added that the Community Connector shuttles cause some confusion since it was hard to identify which community was the primary beneficiary of each shuttle. Bill Duerden asked if each community had equal access to grant funds. Scott explained that Bend had separate grant funding, but all of the rural funding was lumped. Karen added that there were a couple of differences:

- Madras-Redmond and La Pine-Bend shuttles were the only routes eligible for specific intercity grant funds because of the distance of the shuttle.
- 5311 rural funds were distributed based on number of rides and miles; therefore, Redmond brought in more 5311 funding because of the high number of rides.

Jim asked if they had discussed the difference in needs between urban (Bend/Redmond) and rural areas. Scott explained the basic consensus was each City should have a minimum level of service (about equal to the current level because they couldn't provide less without eroding the system). Jason added that the outlying communities should not continue to expect COIC to pay for their service. Keith added that Bend/Redmond could provide a structure for the smaller communities to plug into as they grow.

Keith asked about the interest in a TriMet version of government that was regional and encouraged regional collaboration. Scott explained that while COIC is careful to not be TriMet, it is an established regional governance entity. He added that the thought of adding another government entity would be unpopular.

The group confirmed that the base level of service pursued by COIC was Scenario B. Scenario B included enhanced local service, and funding for planning, marketing and outreach. Karen added that they would need to add capital improvement and replacement costs to the cost estimate table. Scott commented that the capital cost would be about \$1 million annually. Jason clarified that communities currently contributed only to operations costs. Karen confirmed and stated that capital acquisition to date had been from grants.

Jeff Monson returned to the Principles section of the document and suggested deleting the last bullet. He did not believe the results from one survey should be a guiding principle. Andrew explained that the purpose was to be clear that they needed a multi-phase funding approach, distinguishing the short term from the long term. They agreed to change the bullet to an assumption.

Action Item: Change final 'Principle' bullet point about the voter-approved measure to an 'Assumption.'

Scott explained that the COIC Board wanted a short term plan and a long term aspiration (that could be revisited and updated in the intervening years). Joni added that the desire for regional governance, a regional system and the requirement for local, individual match presented a disconnect. Andrew returned to the timeline of the approach. He suggested that in the short term, COIC would pursue a proportional approach with each City partnering with COIC to address their local funding deficit. Outreach and engagement would be critical to move toward any long term funding option. Jason clarified that the COIC Board would make the final decision on how the plan would look.

Matt addressed the question of proportionality, asking what would happen in communities that could not cover their share. For example, La Pine was in its infancy and the financial burden would be unattainable. Andrew clarified that they would pursue partnerships with the Cities rather than expecting them to pony up. Wendy Holzman added that proportionally, smaller communities had to pay more because they had fewer riders and therefore a higher cost of service per ride. Scott added that COIC would try to identify some proportionality that would be modified based on need and ability to achieve a base level of service. Andrew added that they hoped to have a revised full set of recommendations by end of next week (November 22nd).

Action Item: Email out draft recommendations within the week for committee review.

Victor suggested that there would be two phases for Bend. In the next 0-5 years, they would contribute their current amount (plus some) out of the General Fund in order to reach Scenario B. In about 5 years

he felt a taxing district could be revisited. He added that his own preference would be for COIC to continue running the system rather than creating a new entity.

Keith agreed with Victor's approach adding that his Council would like to see the annual cost per year and a demonstration of the value of being a partner and investing in transit. Also, COIC should explain that the proposed services would meet a community need. Scott commented that COIC had the cost of service for Redmond in the draft Redmond Transit Master Plan, including cost for additional service. Keith asked whether the service recommendation was based on user demand. Scott explained that COIC held public and stakeholder meetings in each community and conducted a rider survey and general public survey. The proposition of fixed route in Redmond was based on requests for more convenience and flexibility. The system was designed to serve transit activity centers and other current destinations.

Gary Farnsworth added that TRIP97 could bring some financing options to transit. Keith agreed that they should coordinate the two efforts. Keith and Gary agreed that there was an opportunity for transit to contribute to the goals of TRIP97, like decreasing congestion. Keith added that there may be some unlikely partners that could help support transit on a political level, like the Oregon Trucking Association.

Jason summarized that COIC would outline a short term and long term plan in the next week. Victor asked when they would be approaching the Councils. Andrew explained that he would address as many as possible before the next funding committee meeting on December 13th and try to visit more by the COIC Board meeting on January 9th.

Review/Refine Draft Committee Recommendations

Scott reviewed the changes to date (see document).

a. Outreach/Engagement and Marketing

Scott explained that COIC was pursuing funding opportunities for transit outreach and marketing through ODOT, foundations (like Meyer Memorial Trust) and the Regional Solutions Team. Victor commented that a problem in Bend was minimal public support and awareness of transit. He added that he never received emails about transit, and it didn't have any institutionalized support. Scott agreed that there hadn't been a coalition built or a transit message.

Jason suggested adding continued engagement with Councils and Commissions to the document. Matt suggested engaging the private sector and Bend Parks and Recreation.

Action Item: Add continual engagement and outreach with Councils and Commissions to the Outreach plan.

Scott commented that they needed to distinguish between the very short-term Outreach and Engagement plan and ongoing Outreach and Engagement goals. Gary commented that it should be clear that the goal of marketing was to raise additional funds. Scott responded that marketing would hopefully increase ridership but agreed that the overarching goal was to entice people to fund the system and create a more sustainable transit service.

Jeff commented that there may be funds available through statewide Drive Less Connect, parking fees (currently collected in Bend), and that three new ODOT plans (Transit, Bike/Ped and Transportation Options) may have some implications.

Jim suggested adding an action item for developing local funding tools that involve changes to local land use regulations/development code. (ex. developers could provide transit infrastructure in lieu of roadway improvements).

Action Item: COIC to develop potential ‘Action Items’ for development code revisions.

b. Revised Governance, Level of Service, Partnerships Recommendations

Next Steps/Actions

Revised recommendations to be emailed to the committee by November 22.

Adjourn

Meeting adjourned at 10:55