

CET Funding Sub-Committee
NOTES
November 1, 2013
9a-11a, 716 SW Evergreen Redmond, OR 97756

Members:

Matt Shinderman (OSU-Cascades), Jim Wilson (COIC Board), Dave Rathbun (Mt. Bachelor), Jim Kirkbride (St. Charles), Mike Riley (Environmental Center), Jeff Monson (Commute Options), Victor Chudowsky (Bend City Council), Gary Farnsworth (ODOT Region 4), Wendy Holzman (Sisters City Council), Karen Friend (COIC/CET), Eric King (City of Bend), Alan Unger (Deschutes County), Ken Fahlgren (Crook County), Scott Cooper (NeighborImpact)

Guests:

Annette Liebe (Regional Solutions Coordinator – Governor’s Office), Joni Bramlett (ODOT – Public Transit), Tyler Deke (Bend MPO), Bill Duerden (City of Redmond)

Staff:

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

Action Items:

- Email the ORS 190.038 statute to the committee.
- COIC to develop true cost of service for each community (including marketing budget).
- COIC to develop a set of guiding principles for committee decision making.

Welcome and Introductions

Alan Unger welcomed the committee to the meeting and explained that they would continue with a workshop style meeting.

Committee Business and Updates

a. Meeting Minutes – October 18

Alan asked for any comments or changes to the minutes. There were no comments or changes.

b. Outreach Update

Andrew Spreadborough explained that he had met with the Cities of Prineville, Bend and Sisters and Crook and Jefferson Counties to update them about the progress of the Funding Committees. He had also been met with some of the Chambers (had a meeting scheduled next week with the City of Redmond Chamber) to make sure the business community was informed. He added that there had been strong interest in partnership expressed by the Chambers. Jeff Monson added that any visit to a City Council meeting would give their progress greater exposure because there was a broader community and media presence. Alan suggested that any thoughts or outreach suggestions should be emailed to Andrew or Scott Aycock.

Andrew continued with a proposed revision to the meeting schedule. He explained that they wanted to delay the final committee until December 13th in order to have more time for outreach. He added that if they could get everything done today, the meeting planned for November 15th would be replaced by the December 13th meeting.

c. Local Bond Expiration Date Update

Scott Aycock directed the group to the Local Bond Expiration table which showed bond measures maturing between 2014-2024. He explained that the goal was to identify where there may be opportunity to replace a measure with one for transit (no net increase in taxes paid). He pointed out that the Crook County Library Bond, Deschutes County Fairgrounds and Jefferson County Jail were all likely to mature without renewal. Annette Liebe commented that a few on the list may have already been replaced by bonds passed recently. For example, she believed that the Crook County School District had already been re-upped. Joni Bramlett asked how they knew whether or not a bond would be re-upped. Andrew explained that they assume a school bond would be renewed but there could be opportunity in bonds that were levied for capital costs (like building the fairgrounds or the library). Alan added that he was still pursuing a Treasurer convened meeting of the governing bodies in the region to get a better understanding of what other funding measures are being contemplated or planned for.

d. ORS 190.083 Legislative Fix Update

Alan explained that the Legislative Committees had already decided on the three bills they would want to carry forward and that there wasn't room for the proposed ORS 190.083 "fix". His next step is to talk to Rep. Tobias Reed and then to Sen. Lee Byer to see if one of them would support the change; however, he preferred it be presented by a committee (rather than an individual legislator) because of political bias. He would continue to try to get it into the 2014 session. He added that there was a little pushback from The Bulletin because of the change introducing a new taxing body; however, he had explained that the voters would still have to approve any new tax.

Review/Refine Draft Committee Recommendations

Scott reviewed the Draft CET Funding Committee Recommendations document. He explained that it was a first attempt to distill the outcomes from the Committee's process.

a. Governance/Geography

Scott reviewed the draft Governance/Geography short and long-term plan. Victor Chudowsky asked about how CET and the TRIP97 could intersect. Scott explained that the ORS 190.038 legislative change, which would allow COIC to pursue a property tax for transportation capital, could potentially give COIC the opportunity to pursue a combined measure for both transit and general transportation improvements throughout the region (i.e. U.S. 97 improvements). Eric King added that the TRIP97 group was currently trying to figure out how to govern, collectively manage and fund U.S. 97. Gary Farnsworth explained that they have also looked at how investments in alternative modes (i.e. transit) could help address the needs of maintaining U.S. 97 as a viable economic engine. Eric added that their next steps were to check in with all the elected bodies, and potentially an MOU or an IGA between all of the different entities to bind them more formally before they discussed funding. Jeff commented that he thought it was a good idea to keep the potential interaction between TRIP97 and COIC in the Governance/Geography goals as they are attempting a multi-jurisdictional, multi-modal process.

Dave Rathbun commented that part of the outreach component should be to educate the public about the greater positive impacts that investment in transit could have. Gary added that ODOT was making a big push to invest in multi-modal projects. He also commented that they should be clear about the expectation of the ORS 190.038 change. Alan asked whether the changes they were proposing to the ORS 190 could potentially manage the big ideas from TRIP97 or if additional changes were needed. Eric commented that they should be conscious of opportunities when presenting the language change.

Action Item: Send out ORS 190.038 statute change to the committee.

Scott Cooper commented that the current conversation should be about short term funding, not about anything that required the voters (since the survey was clear that nothing would pass). Alan commented that without the ORS 190 change, COIC would not be able to govern any future property tax-based system. Karen Friend added that they would also need legislative change to allow Central Oregon to levy a payroll tax. Victor suggested that if they couldn't change the ORS 190, they could still pursue a property tax, form a transit district and then contract back with COIC for operations. Scott A. explained that a transit district would require directly elected board members, has different implications for accountability and would be another bureaucratic structure. Mike Riley commented that people may want to elect the people who run the transit system.

Karen suggested that they change the Long Term action to "Assure the governance model is appropriate for the region and supports the chosen funding mechanism." The group agreed that was an appropriate change. Scott added that they would ask the committee to review any changes again before they brought the recommendations out during the outreach process.

b. Level of Service

Scott reviewed the draft Level of Service short and long-term plan. He commented that the Community Connector shuttles present a particular funding challenge because they support multiple communities. Mike commented that the "Provide a basic level of service to every community in the region" should be changed to "Tailor basic service level to the needs of each community." Joni commented that the ability to contribute funding was different than the need for service. For example, La Pine could not contribute very much funding but had a very high demonstrated need.

Jim Kirkbride commented that he thought St. Charles would be very interested in the Community Connector, intercity service in Bend and would be gaining interest in the intercity in Redmond. In preparation for a meeting with St. Charles he suggested that COIC have a plan to maintain a level of service that would serve the medical centers.

Scott A. added that they could state the Level of Service goals more positively – focusing on building partnerships, identifying opportunities for stable funding, etc.

c. Private, Non-profit, and Agency Partnerships

Scott reviewed the draft Level of Service short and long-term plan. Karen explained that the development of partnerships and funding would be successful in developing expanded/enhanced levels of service but wouldn't be able to underwrite backbone/base service. Jim Wilson asked whether COIC had a list of potential partners. Karen explained that they had a lot of partnerships in the beginning, but many stopped contributing after the service was up and running. Scott added that they had developed a draft list of partners during the last meeting. Joni suggested that Commute Options and ODOT be added to the list of partners. Scott agreed and Jeff added that Commute Options had two full time employees dedicated to promoting walking, biking and transit. Scott added that the primary goal was to create enduring partnerships.

Victor asked about what transit could offer to some of the larger employers, like St. Charles. Jim K. explained that parking was a huge issue for the campus in Bend. Eric suggested that the committee add "Leverage local land use, entitlement process and/or development impact fees to incentivize partnerships." He explained that they didn't currently have the mechanism in place, but could potentially allow development to invest in transit in lieu of paying a system development charge (SDC). He added that it may need to be specific to Bend because of the fixed route system. Alan commented that it may be specific to Bend in the short term but they could create a template that could be copied by the other communities. Eric also suggested a second bullet point: "Develop a system for predictable cost of service for each community (dependent on size and level of service)".

Jim K. asked whether they could incentivize partnerships by offering other transportation opportunities (i.e. boxes or lab samples brought from one hospital to another). Joni explained that public transportation funds were for moving people, and that additional items could be transported along with people as long as they were incidental and didn't prevent any

person from accessing the transportation. Jim explained that St. Charles would be very interested in lowering the cost of courier services. Jeff suggested that a more appropriate and feasible approach would be shifting/reducing the cost of building a parking structure by offering enhanced transit to the area. Jim added that if they didn't have to build a parking garage, they could build a clinic on the property. The parking garage would be wasted real estate with a high cost to build and they would have to continue paying rent for a clinic off of their property.

d. Outreach/Engagement and Marketing

In the interest of time, the committee agreed to return to this section at the next meeting and proceeded to the funding discussion.

e. Dedicated Local Funding Tools

Scott explained that the goal of the conversation was to strategize a plan for local transit funding in the short term, with the understanding that passing a dedicated fund was a long term goal. He added that the strategy could be a hybrid approach, utilizing multiple tools. Dave suggested that they needed two strategies, one for operations and the other for capital. He suggested that long-term partnerships could be developed to contribute toward the capital side (contributions used to leverage grants) and then CET would be free to piece together operation funding. Karen agreed that separate strategies for the two would be helpful.

Andrew added that developing a framework for each community's local contribution based on their level of service would be the first step. Mike added that they should build outreach and marketing funds into the local contribution estimates. Andrew agreed. Karen suggested that they determine the specific level of funding needed for a stable service level, and that each community could determine the mechanism they wanted to use to pay. Scott suggested that while the other comparable systems in Oregon have a dedicated funding source, COIC could research the strategies they use to augment the funding (not all funding mechanisms cover the entire cost of service).

Scott C. commented that the public would push back on the riders to contribute more when they saw that the farebox recover was only 7-12%. Joni commented that nationally the farebox recovery was around 10%, Dave added that urban scenarios were 15-16%. Joni suggested thinking of the farebox as a co-pay. Scott A. added that farebox recovery was a policy goal based on a community's priorities and that many people don't understand that fares will never pay for transit. Jeff explained that it was an opportunity for education about the greater economic value of public transit.

Scott A. returned to the question of the funding aspiration for the committee. Did they want to see a tri-county payroll or property tax? Andrew proposed that one option would be to consider a modest property tax that would provide a base level of service and then each community could "buy up" for enhanced service. Gary commented that like the TRIP97 project, it was important for them to test out whatever recommendation with the region's Councils and stakeholders. Eric explained that some example income sources they may pursue for TRIP97 included SDCs, income tax sequestration (how urban renewal works), tax on rental cars and a gas tax; however, they had not completed any surveying on their palatability. Gary added that if they were interested in combining for a survey of the palatability of the options, TRIP97 would be testing them soon. Alan countered that funding for TRIP97 would be for capital improvement projects and that COIC/CET is looking for funding for operations. Eric responded that there were some operational projects associated with TRIP97, such as signal timing, dispatch and incident response. Gary added that if the outcome was that transit would benefit the corridor, than there wouldn't need to be a distinction between the projects.

Mike suggested that another option would be a property tax for basic service and then a utility fee to pay for enhanced service. Dave suggested another option for Bend would be to replace the General Fund contribution with a utility fee (something the Council could do without a public vote) to provide funding for the baseline service. Then, if there was a need and demand for more service, there should be a corresponding willingness to pay via a property tax. Karen wondered whether a lower property tax and reduced contribution from the General Fund could be the most palatable. She

added that Bend was the easiest problem to solve, but none of the other communities were paying their relative fair share (they were much more heavily subsidized). This was why COIC did not have funds for new vehicles or for marketing.

Action Item: COIC to develop true cost of service for each community (including marketing budget).

Mike added that there had been a concern that those entities that were not taxable (e.g. non-profits) would not contribute to the system and therefore partnerships with those entities would be critical. Scott added that one of the appeals of a utility fee was it would be applied to everyone. He added that he was not hearing consensus for a funding vision, but that COIC would take the conversation back, develop some funding scenarios and they could discuss at the next meeting. Annette commented that there should be a set of principles developed for the committee to weigh each scenario against. The committee agreed that principles would help guide them. She added that she was planning to put the recommendations on the Regional Solutions Team and Oregon Community Foundation agendas.

Action Item: COIC to develop a set of guiding principles for committee decision making.

The committee agreed that they would have a meeting on November 15th, 9-11am at Redmond City Hall.

Jeff announced that there was a ribbon cutting for Riverside Ave. in Bend at 12:30pm.

Meeting adjourned at 11:00am.