

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



---

### Work Session: Transportation Funding Update

---

Meeting Date: November 10, 2014  
Department: Public Works  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: A  
Staff Contact: Kurt Corey  
Contact Telephone Number: 541-682-5258

---

#### **ISSUE STATEMENT**

This informational work session is an opportunity for the council to discuss the status of the various funds and work activities associated with operating, maintaining and preserving Eugene's extensive transportation system.

#### **BACKGROUND**

Over the past 15 years, the Eugene City Council has undertaken numerous reviews of various options for funding the city's transportation system. This system is Eugene's single-largest capital asset, with a replacement value well in excess of \$500 million. The Public Works Department has primary responsibility for keeping the city's transportation system functional and in good repair.

The overarching goal for policy makers has been and continues to be adequate, fair, locally controlled and sustainable revenue to operate, maintain and preserve Eugene's streets, bike lanes, pedestrian facilities and other elements of the local transportation system. Policy highlights include the following:

- October 2001 - Citizen Budget Subcommittee on Transportation System Funding presented to the council its recommendations on potential funding solutions to address a growing backlog of major street repairs.
- January 2003 - Council approved a local motor vehicle fuel tax at the three-cent level.
- January 2005 - Council approved raising local gas tax to five cents per gallon.
- May 2007 - Council reviewed and conceptually approved a series of actions intended to generate approximately \$18 million per year "... to adequately fund the transportation system for cars, trucks, bikes and pedestrians including maintenance and preservation and capital reconstruction."
- July 2008 - Council approved a resolution calling for a public vote on a \$35.9 million bond measure to fix city streets; voters overwhelmingly approved the measure in November 2008.
- July 2012 - Council approved a resolution essentially continuing the bond measure to fix streets and fund bicycle and pedestrian projects for another five years at the rate of \$43 million; voters handily approved the measure.

## **Performance Evaluation**

The success in attaining the goal of adequate, fair, locally controlled and sustainable revenue to preserve Eugene's transportation system can be measured in several ways. Attachment A shows the funding available in the pavement preservation fund over the past 15 years. Overall, the trend is positive, going from essentially zero in 2000, to approximately \$13 million in the current year. The \$18 million line represents the goal set by the Council Subcommittee on Transportation Funding Solutions in 2007, not adjusted for inflation. The dips in the funding line are attributable to one-time, non-sustainable infusions of revenue such as a payment from the Oregon Department of Transportation associated with jurisdictional road transfers in 2007, and a one-time funding exchange with Lane County in 2009. It is notable that despite the upward trend in available revenue, the target goal of \$18 million has never been reached. As shown in Attachment B, long-term projections indicate that ongoing pavement preservation funding will fall precipitously in 2019, if the current bond measure is not renewed or replaced with a comparable source of revenue.

Another way to look at the relative success of the City's pavement preservation program is to look at the repair backlog trend. When the Budget Subcommittee studied the issue in 2001, the estimated backlog was \$67 million. In January 2005, when the local gas tax was raised to five cents per gallon, the backlog stood at \$94 million. By April 2007, the estimate had grown to \$170 million and was projected to grow to \$282 million by 2017. Fortunately, the community supported back-to-back bond measures that allowed significant headway on major paving repair projects. The infusion of bond revenue, plus a down economy that resulted in favorable bid prices for road repair contracts and innovative and cost-saving engineering designs, have brought the estimated backlog under \$100 million as of 2014. While this is a favorable condition, the backlog estimate can be fickle. The improving economy is driving up bid prices. New pavement management technologies can affect underlying assumptions in the backlog modeling. And streets continue to deteriorate. All of these factors may cause backlog estimates to increase in the future.

Yet another perspective on the health and stability of transportation funding comes from a holistic view of the system – the “three-legged stool” that includes operations and maintenance (O&M), capital preservation, and enhanced capacity and other system improvements. Attachment C shows that the O&M leg is reasonably balanced, with approximately \$11.6 million in revenues in FY2014 and a little over \$11 million in expenditures. However, it is important to note that the balance has been achieved by adjusting the expenditure side because the revenue components are, for the most part, not locally controlled. The capital preservation leg is also balanced, because staff can budget project spending on available revenue, which is, for the most part, locally controlled and fairly predictable. The third leg of the stool is also self-balancing because projects in this category are not undertaken unless funding from grants or private development are available. While each leg of the stool is intended to stand on its own, there is a connection between O&M and capital preservation. When capital preservation funding is inadequate and streets fall into greater disrepair, additional O&M funding is required for maintenance and enhanced pothole repairs.

## **Lane County Vehicle Registration Fee**

The May 2007 Final Recommendations of the Council Subcommittee on Transportation Funding Solutions included support for “...consideration of both a countywide motor vehicle registration/vehicle emissions fee and a motor vehicle fuel tax as potential revenue sources for

addressing the comprehensive road funding needs in Lane County.”

On Sept. 30 2014, the Lane County Board of Commissioners reviewed a report on “Regional Road Fund Revenue Restoration” that included information about a potential Lane County vehicle registration fee recommended by the Lane County Roads Advisory Committee. According to that analysis, if the fee were levied at the full amount (\$43 per year, yielding \$13 million per year), Lane County would receive approximately \$8 million per year, and the cities in Lane County would split approximately \$5 million per year, per the required distribution of county registration fees set by state law. Based on its population (61 percent of the population of the 12 cities in Lane County), the net result for Eugene would be approximately \$3 million per year at the maximum fee level. However, actual funding amounts would depend on the level of the annual fee set by Lane County, most likely \$35 per year for passenger vehicles. Funds from the fee can only be used for road purposes.

On Nov. 4, 2014, the county board further discussed the proposed vehicle registration fee, including survey results on the county vehicle registration fee. Based on that information, the board instructed county staff to draft an ordinance for the board’s consideration, to develop options for oversight on the spending of the funds, and to coordinate with the 12 cities in Lane County to garner their ideas and support.

#### **RELATED CITY POLICIES**

Council’s goal for fair, stable and adequate financial resources calls for “a government whose ongoing financial resources are based on a fair and equitable system of revenues and are adequate to maintain and deliver municipal services,” including “new or expanded revenue sources.”

#### **COUNCIL OPTIONS**

This is presented as an informational item. No action is requested at this time.

#### **CITY MANAGER’S RECOMMENDATION AND SUGGESTED MOTION**

The City Manager recommends that staff return to the council on November 24, 2014, to provide information so the council can consider a statement of support for the proposed Lane County vehicle registration fees.

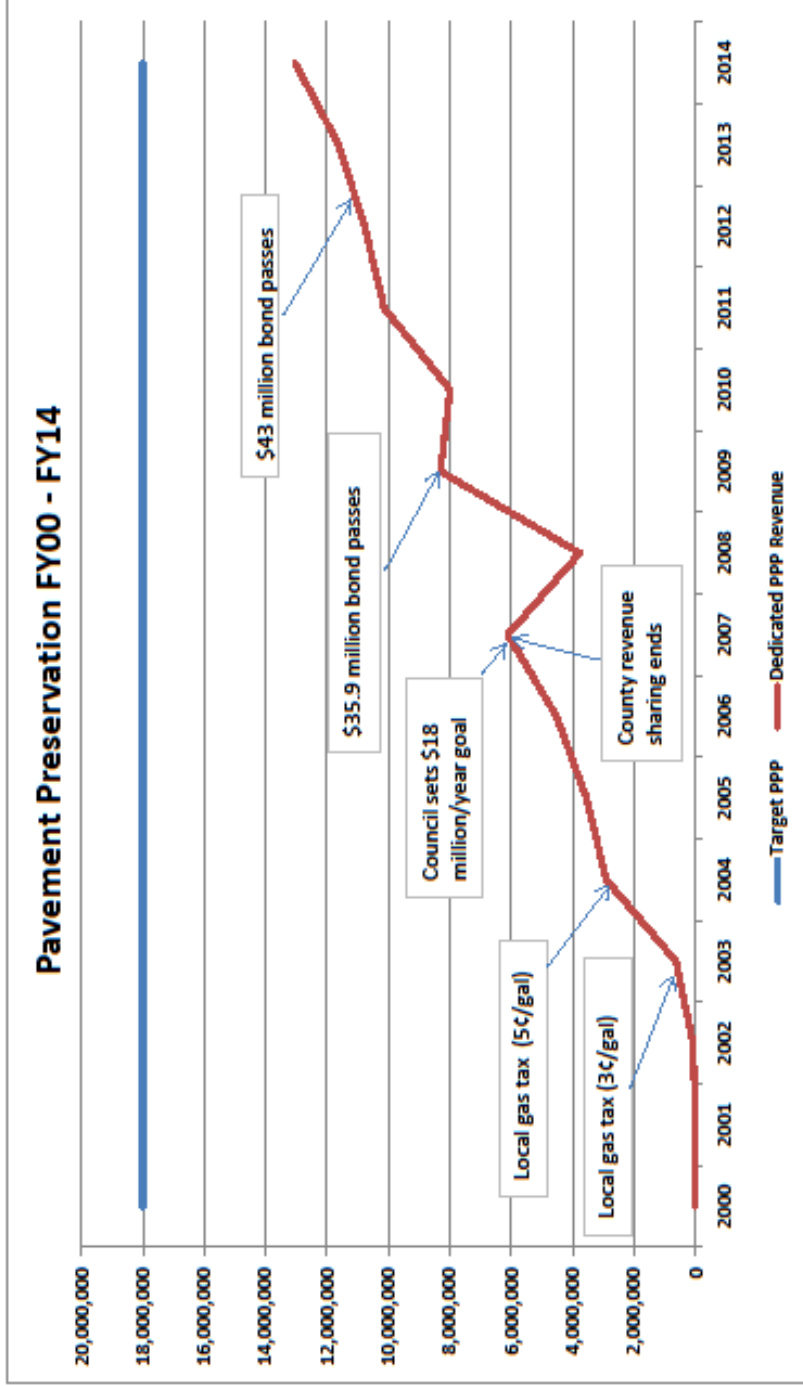
#### **ATTACHMENTS**

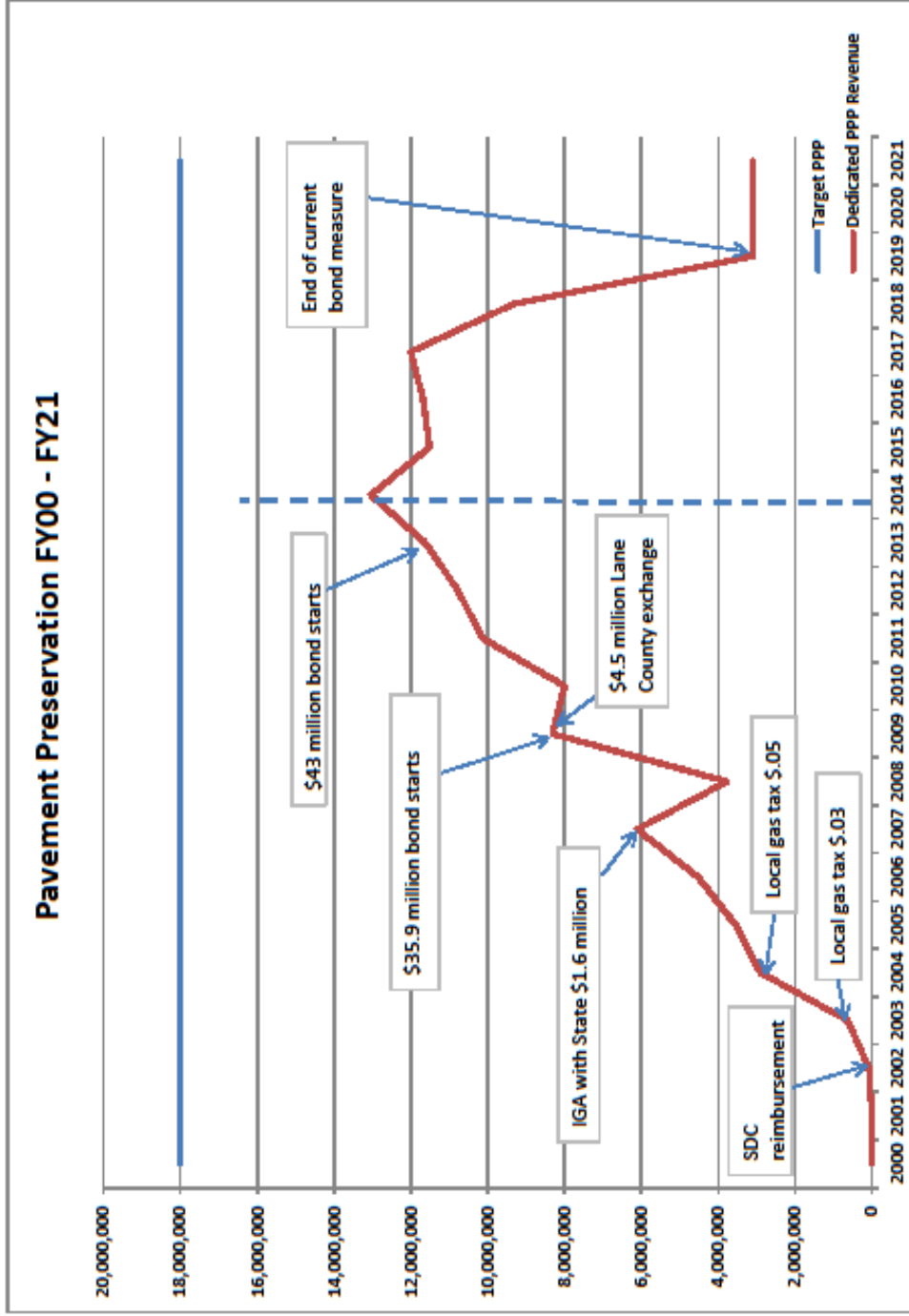
- A. Pavement Preservation Fund, FY2000-FY2014
- B. Pavement Preservation Fund, FY2000-FY2021
- C. City of Eugene FY2014 Transportation System Funding

#### **FOR MORE INFORMATION**

Staff Contact: Kurt Corey  
Telephone: 5411-682-5258  
Staff E-Mail: kurt.a.corey@ci.eugene.or.us







City of Eugene

10/29/2014

# CITY OF EUGENE FY 14 TRANSPORTATION SYSTEM FUNDING

