



TECHNICAL MEMORANDUM

Date: December 13, 2022 Project #: 23021.050
To: Technical Advisory Committee
From: Kittelson & Associates, Inc.
Project: Curry County Transportation System Plan Update
Subject: Final Financial Forecast Memorandum (Task 3.3)

INTRODUCTION

Future federal, state, and local funding for transportation investments is uncertain, creating the challenge to accurately forecast how much is available and which transportation investments qualify. Within this context, the Curry County Transportation System Plan (TSP) Update will provide a prudent and conservative list of transportation investments, emphasize lower cost methods that strengthen mobility within the county, and increase reliance on technologies to promote efficient streets. The TSP Update will also recommend transportation investments that bolster resiliency and redundancy of the transportation system that may be challenging for the County to fund with its current revenue stream, but support a critical goal of emergency preparedness, and therefore, likely require the County to compete for state and federal grants.

This memorandum presents information on the County's historical funding sources that are available for transportation investments identified in the TSP. This memorandum also offers additional funding sources for the County to consider pursuing in cases of funding gaps when implementing transportation investments through the TSP horizon, year 2045. This information will help the County evaluate transportation projects, define priorities, and maximize all available funding opportunities to preserve and improve its infrastructure.

TSP PROJECT FUNDING BACKGROUND

The Curry County TSP may recommend transportation projects that span multiple jurisdictions including the Oregon Department of Transportation (ODOT), the County, incorporated cities (i.e., Brookings, Gold Beach, and Port Orford), and Curry Public Transit (CPT), as well as projects that rely on partnerships with the private development community. As such, each project could be funded through a different combination of federal, state, local, or private sources. The following sections present current and possible new funding mechanisms that may be available to implement projects through the life of the TSP.

Constructing every project contained in the TSP in the next 20 years is unlikely, thus, the TSP will include a complete list of projects that the County anticipates constructing over the planning horizon as well as visionary projects that support critical County goals that likely require outside funding sources. While the TSP does prioritize planned projects, the County may advance projects as opportunities arise. These opportunities could include changes in policy or funding at the federal, state, or local level; changes in local development priorities; or public-private or

public-public partnerships. Project priorities are intended to be flexible for allowing the County to make wise investments consistent with the overall vision contained in this TSP.

The County's goals and priorities seek to improve the convenience and safety for people driving, walking, biking, and taking transit; strengthen the transportation network's resilience and redundancy for emergency preparedness; and support economic health and prosperity of the region. Therefore, the highest priority projects for strategic investments are those that protect the existing system and those that improve the efficiency and safety of existing multimodal facilities. These projects should be implemented first unless a lower priority measure is demonstrated to be more cost-effective or is one that better supports safety, growth management, or other livability and economic considerations.

HISTORICAL FUNDING SOURCES

Historical funding sources supplied by the County provide a basis for estimating future revenue that might be available for transportation projects over the next 20 years. Table 1 summarizes the past 5 years of County Road Fund revenue and expenditures. As shown, the County's primary sources of revenue come from the Federal Forest (SRS), State Fuel Tax, and Fund Exchange. More information on these funding sources is provided after Table 1. Also shown in Table 1, the County's expenditures have exceeded revenues each year, which has been the case for the last 10 years and potentially longer, based on the data provided by the County.

The County is currently operating at a deficit, having to rely on its reserve fund to offset the net difference. According to a projection from the County, current expenditures are expected to deplete the reserve fund by 2026. Current expenditures are generated from both the road department and sheriff department. Based on an evaluation by the County, if other revenue sources were to fund the sheriff department, the road department reserve fund could continue offsetting the net difference in revenue and expenditures until 2032. Beyond 2032, the road department will operate at a deficit without a reserve fund to rely on, emphasizing the need to identify additional revenue sources to support County operations and protect its reserve fund.

Table 1. Curry County Road Fund Revenue and Expenditures (2017-2022)

Resources	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22
Total Revenues	\$3,161,368	\$3,426,437	\$4,437,588	\$3,611,558	\$3,913,500
<i>Federal Forest (SRS)</i>	\$1,232,218	\$1,176,908	\$1,133,399	\$972,376	\$1,185,000
<i>Fuel Tax</i>	\$1,194,088	\$2,249,529	\$2,156,338	\$2,367,961	\$2,456,000
<i>Fund Exchange</i>	\$5,062	-	\$1,147,851	\$271,221	\$272,500
Total Expenditures	\$4,094,866	\$4,396,088	\$5,576,709	\$6,900,159	\$5,353,637
Net Difference	(\$933,498)	(\$969,651)	(\$1,139,121)	(\$3,288,601)	(\$1,440,137)

Federal Forest (SRS)

In 2000, Congress passed the Secure Rural Schools Act, which provides funds to rural counties nationwide that had traditionally relied on timber sales from national forests for revenue. Historically, Curry County has used 75 percent of this funding source on roads and the remaining 25 percent on schools. This Act guaranteed payments, which decoupled the amount of timber logged from the amount of revenue received. The first version of the Act expired in 2006, and subsequent renewals of the legislation have reduced spending levels for the program. Curry

County currently receives an annual average of approximately \$1,140,000 in Federal Forest (SRS) revenue.

State Fuel Tax

The state fuel tax is primarily generated from the state gas tax, taxes on heavy trucks, and vehicle licensing and registration fees. State fuel tax revenues must be spent within the highway right-of-way, which includes roads, bike facilities, and walkways. ODOT distributes the state fuel tax revenues to cities and counties statewide based on population formulas. Curry County currently receives an annual average of approximately \$2,100,000 in state fuel tax revenue.

Fund Exchange

The Fund Exchange, or Surface Transportation Block Grant (STBG), is flexible federal dollars that can be used for County projects to preserve and improve the conditions and performance of any Federal-aid highway, bridge, or tunnel on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals. The County can either apply 100 percent of these funds toward projects that comply with federal regulations or exchange the funds with the state and apply 90 percent toward projects that do not have federal constraints. Curry County currently receives an annual average of approximately \$254,000 in STBG funds.

FUNDING FORECAST

The historical funding data shows that the County expects to continue to receive funds from the Federal Forest (SRS), state fuel tax, and fund exchange; however, the amount of funds could vary over time. A funding forecast was prepared for the County for implementation of future TSP projects. The forecast used a 10-year average of historical Federal Forest (SRS) and fund exchange revenues to project expected annual income through 2045. For the state fuel tax, future revenue was increased annually through 2045 at the same rate as the county's estimated annual population growth, 0.30 percent. These population growth estimates are forecast by the Portland State University (PSU) and available in its Coordinated Population Forecast report (Reference 1). Future annual expenditures were calculated through 2045 based on the 10-year average of historic expenditures.

As evinced in Chart 1, the County has been spending more than its revenues, using its reserve fund to offset the net difference. Based on projections from the County, it is expected that reserve funds will run out in 2026. Though revenues are estimated to grow slightly with increased state fuel tax funds, the deficit is expected to increase yearly after 2026 if no additional revenue sources are identified.

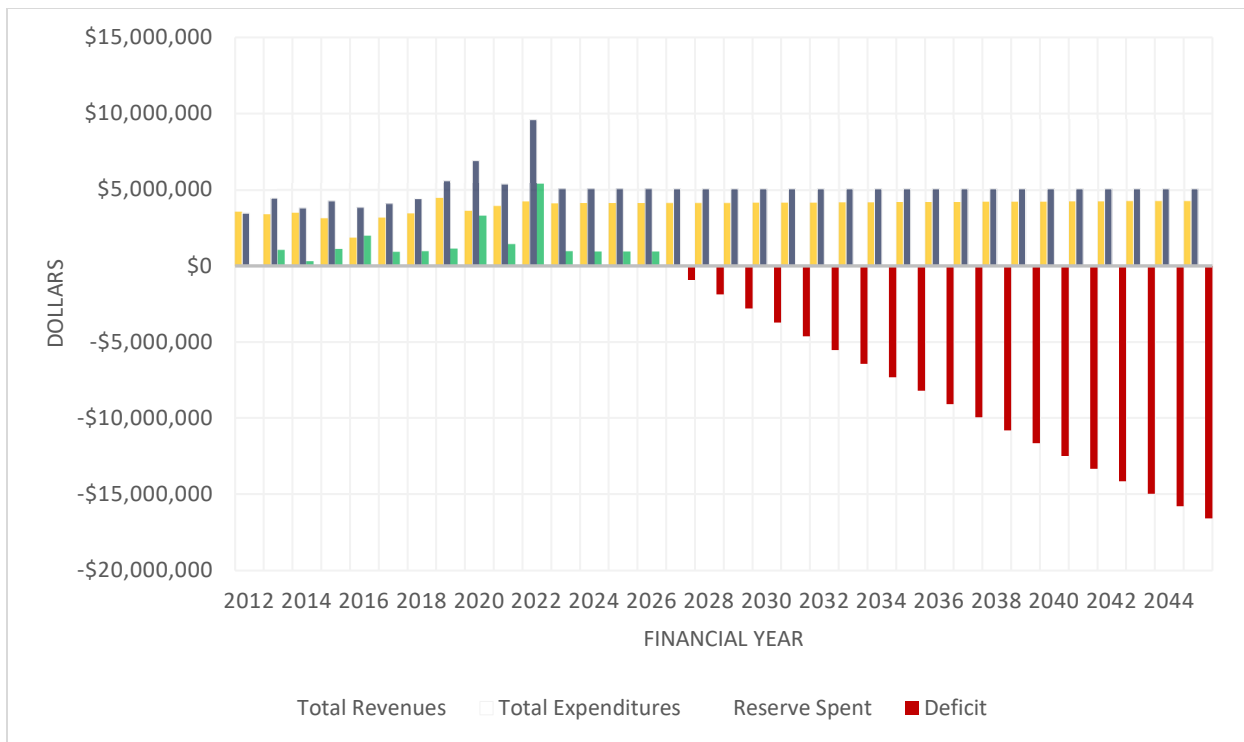


Chart 1. Curry County Revenues and Expenditures, 2012-2045

Given that current Road Fund revenues will likely be insufficient during the life of the TSP to fund the preferred project list and there is no available funding to forecast, the County will need to partner with other agencies and the private development community and pursue alternative funding sources to fulfill the 20-year list of prioritized projects as well as visionary projects, should their priorities change. The following sections present possible new funding mechanisms for the County to consider for project implementation.

Local Funding Mechanisms

Potential local-level funding sources are summarized in Table 2. These funding sources may be considered by the County for implementation as new funding sources. Including this table in the TSP does not create new funding sources but rather presents the various funding sources that local governments throughout Oregon have utilized. In general, local funding sources are more flexible than funding obtained from state or federal grant sources.

Table 2. Potential Local Funding Mechanisms

Funding Source	Description	Potential Application
Street Utility Fees / Road Maintenance Fees	A fee based on the number of automobile trips a particular land use generates; usually collected through a regular utility bill. Fees can also be tied to the annual registration of a vehicle to pay for improvements, expansion, and maintenance of the street system.	System-wide transportation facilities including streets, sidewalks, bike lanes, and shared use paths.
Transportation Systems Development Charge (SDC)	SDCs are fees assessed to development for the capacity demand it creates on public infrastructure systems. SDCs may be an improvement fee, a reimbursement fee, or a combination thereof. Reimbursement fee revenues are dedicated to capital projects that increase capacity to meet the needs of growth. SDC credits are provided to	SDCs may only be used for the portion of transportation improvements that generate additional

Funding Source	Description	Potential Application
	<p>developers for public improvements they construct which add capacity to the system beyond that required to serve their development. SDC credits may also be given for development provisions that reduce vehicular capacity demand on the transportation system, such as providing end-of-trip bike facilities within the new development.</p>	<p>capacity demand related to growth.</p>
<p>Stormwater SDCs, Grants, and Loans</p>	<p>SDCs, grants, loans, and stormwater improvement fees can be obtained for improving stormwater management facilities constructed as part of transportation system improvements.</p>	<p>SDCs may only be used for the portion of transportation improvements that generate additional capacity demand related to growth.</p>
<p>Local Fuel Tax</p>	<p>A local tax can be assessed on the purchase of fuel within the County. This tax is added to the cost of fuel at the pump, along with the state and federal gas taxes. Several cities and counties throughout Oregon have a local fuel tax, including the City of Reedsport, which applies the tax during the peak summery months (May – October).</p>	<p>System-wide transportation facilities including streets, sidewalks, and bike lanes.</p>
<p>Incentives</p>	<p>The County could provide enticements such as bonus densities and flexibility in design in exchange for a public benefit. Examples might include providing additional bicycle parking in exchange for bonus densities. Incentives may be used with SDC methods to reduce transportation impacts from new development.</p>	<p>System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.</p>
<p>Public/Private Partnerships</p>	<p>Public/private partnerships have been used around the country to provide public transportation amenities within the public right-of-way in exchange for operational revenue from the facilities. These partnerships could be used to provide services such as vehicle charging stations, public parking lots, bicycle lockers, or car share facilities.</p>	<p>System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.</p>
<p>Tax Increment Financing (TIF)</p>	<p>TIF is a tool that cities and counties may use to create special districts (tax increment areas) where public improvements are made to generate private-sector development. During a defined period, the County freezes the tax base at the pre-development level. Property taxes for that period can be waived or paid, but taxes derived from increases in assessed values (the tax increment) resulting from new development can go into a special fund created to retire bonds issued to originate the development or leverage future improvements. A number of small-to-medium sized communities in Oregon have implemented, or are considering implementing, urban renewal districts that will result in a TIF revenue stream.</p>	<p>System-wide transportation facilities including streets, sidewalks, bike lanes, shared use paths, and transit.</p>
<p>Streets District</p>	<p>Oregon state law (Oregon Revised Statute [ORS] 371) allows for the formation of special streets taxing districts for purposes of constructing and maintaining streets within the taxing district boundaries. A Streets District would be a separate entity from the County, with its own property tax levy rate and an elected board of commissioners. Those within the potential district boundaries must vote on the creation of a Streets District.</p>	<p>Roadway improvement projects.</p>
<p>Revenue and General</p>	<p>Bonding allows municipal and county government to finance construction projects by borrowing money and paying it back over time, with interest. Financing requires</p>	<p>Construction of major capital improvement projects within the</p>

Funding Source	Description	Potential Application
Obligation Bonds	smaller regular payments over time compared to paying the full cost at once, but financing increases the total cost of the project by adding interest. General obligation bonds are often used to pay for construction of large capital improvements and must be approved by a public vote. These bonds add the cost of the improvement to property taxes over time.	county, street maintenance and incidental improvements.
Economic Improvement Districts (EIDs)	EIDs pool funds from area businesses to make improvements in the business district.	Transportation facilities including streets, sidewalks, bikeways, and transit located within the EID area.
Local Improvement Districts (LIDs)	LIDs pool funds from property owner to make local transportation improvements.	Transportation facilities including streets, sidewalks, bikeways, and transit located within the LID area.
Street Fund Serial Levy	This levy is a voter-approved property tax levied in addition to the permanent tax rate.	Operations or capital programs.
Vehicle Registration Fee	An extra fee on all registered motor vehicles in the County. Requires County-wide approval and implementation.	Operations or capital programs.
Urban Growth Management Agreement (UGMA)	UGMAs are intergovernmental agreements that outline how facilities are managed in the areas outside City limits, but inside City Urban Growth Boundaries (UGB).	Transportation facilities including streets, sidewalks, and bikeways within UGBs.
Hotel/Motel Taxes	Under state law, 70% of revenues from such taxes must fund programs boosting tourism. Many jurisdictions have hotel/motel taxes and could use a portion of the revenue for transportation investments.	Tourism, economic development, and sidewalk improvement programs.
Dedicated Property Taxes	Washington County has a dedicated property tax to fund its Major Streets Transportation Improvement Program. Since 1986, the Program has funded \$900 million of new roads, sidewalks, bridges, and bikeways. Voters approved the funding source multiple times. Today, the program raises an average of \$44 million per year. Washington County also has property tax to support its Urban Road Maintenance District, levying 25 cents per \$1,000 assessed value; the program raises about \$4.4 million/year for local roadway maintenance.	System-wide transportation facilities.
Reimbursement Districts	Also called Zones of Benefit or Advance Financed Districts, a county determines the boundary of the district. Property owners of new development or large redevelopment permits pay a fee for the installation of public improvements. They then recover some portion of the cost over a period of years (often 15).	Construction of major capital improvement projects within the county.

State and Federal Funding Mechanisms

In addition to local funding sources, the County can seek opportunities to leverage funding from state and federal funding sources. Table 3 outlines such sources and their potential applications. State and federal sources change regularly as new transportation legislation is passed or existing legislation is modified and are limited and competitive. Any future improvements that rely on

state funding may require County and regional consensus that they are more important than needs elsewhere in the region and the state.

Table 3. Potential State and Federal Funding Mechanisms

Funding Source	Description	Potential Application
State Funding Mechanisms		
Statewide Transportation Improvement Program (STIP)	STIP is the State of Oregon's four-year transportation capital improvement program. ODOT's system for distributing these funds has varied over recent years. Generally, local agencies apply in advance for projects to be funded in each four-year cycle.	Projects on any facility that meet the benefit categories of the STIP.
Transportation and Growth Management (TGM) Grants	TGM grants are planning grants administered by ODOT and awarded on an annual basis. They are generally awarded to projects that will lead to more livable, economically vital, transportation efficient, sustainable, and pedestrian-friendly communities. The grants are awarded in two categories: transportation system planning and integrated land use/transportation planning.	Transportation system plans and planning efforts that integrate land use and transportation.
All Roads Transportation Safety Program (ARTS)	The federal Highway Safety Improvement Program (HSIP) is administered as ARTS in Oregon. ARTS provides funding to infrastructure and non-infrastructure projects that improve safety on all public roads. ARTS requires a data-driven approach and prioritizes projects in demonstrated problem areas.	Areas of safety concerns within the county, consistent with Oregon's Transportation Safety Action Plan.
Immediate Opportunity Fund (IOF)	The IOF is discretionary and provides funding for transportation projects essential for supporting site-specific economic development projects. These funds are distributed on a case-by-case basis in cooperation with the Oregon Economic and Community Development Department. These funds can only be used when other sources of financial support are insufficient or unavailable. These funds are reserved for projects where a documented transportation problem exists or where private firm location decisions hinge on the immediate commitment of road construction. A minimum of 50 percent match is required from project applications.	Any identified projects that would improve economic development in the county and where there are documented transportation problems.
Connect Oregon	Lottery-backed bonds distributed to air, marine, and rail projects statewide. No less than 10 percent of Connect Oregon funds must be distributed to each of the five regions of the state, if there are qualified projects in the region. The objective is to improve the connections between the highway system and other modes of transportation.	System-wide transportation facilities.
Oregon Parks and Recreation Local Grants	Oregon Parks and Recreation Department administers this program using Oregon Lottery revenues. These grants can fund acquisition, development, and major rehabilitation of public outdoor parks and recreation facilities. Local match is required.	Trails and other recreational facility development or rehabilitation.
Oregon Transportation Infrastructure Bank (OTIB)	A statewide revolving loan fund is available to local governments for many transportation infrastructure improvements, including highway, transit, and non-motorized projects. Most funds made available through this program are federal; streets must be functionally classified as a major collector or higher to be eligible for loan funding.	Infrastructure improvements to major collectors or higher classified roads for vehicle, transit, and non-motorized travel.

Funding Source	Description	Potential Application
State Highway Fuel Tax Increase or User Fee	ODOT is currently researching a state user fee for drivers to address steady or declining state gas tax revenues. An increase in the state gas tax or a user fee would need to pass through state legislation and would increase the state's transportation funds.	System-wide transportation facilities including streets, sidewalks, bikeways, and transit.
Multi-modal Active Transportation Fund	This fund invests in multimodal transportation infrastructure improvements across Oregon.	Pedestrian and bicycle-related projects.
Safe Routes to School (SRTS)	SRTS, administered by ODOT, focuses on infrastructure and non-infrastructure programs to improve access and safety for children to walk, roll, and/or bike to school.	Pedestrian and bicycle-related projects within the vicinity of local schools.
Oregon Community Paths (OCP)	This State of Oregon program combines funds from the Multimodal Active Transportation Fund, Oregon Bicycle Excise Tax, and federal Transportation Alternatives Program to help communities create and maintain connections with primarily off-street pedestrian and bicycle facilities.	Off-street pedestrian and bicycle facilities (primarily).
ODOT Bridge Program	ODOT's Bridge Section coordinates selection and funding of Federal Highway Bridge Program bridges through the Local Agency Bridge Selection Committee, a committee of city, county, and state representatives. Local agency bridges are prioritized using a Technical Ranking System and selected in categories of Large (30,000+ square feet of deck area), Small On-System, and Small Off-System.	Bridges.
ODOT Emergency Operations Program Funding	A federal program that provides emergency funding for repair or reconstruction of highways and roads damaged during natural disasters or catastrophic failures. ODOT's Maintenance and Operations Branch administers the Emergency Operations Program and can help local agencies navigate the Emergency Repair process.	Highway and bridge repair from natural disasters or catastrophic failures.
Transportation Options	The TO program focuses on implementation of the Oregon Transportation Options Plan, including: managing demand across the transportation system; educating students and the public on travel options and how to safely use them; connecting veterans, low income populations, communities of color, and others with ways to get to and from work or school; supporting vanpooling; and more.	Projects supporting implementation of the Oregon Transportation Options Plan.
State Transit Improvement Fund (STIF) and Public Transportation Funds	STIF is a newer dedicated source of funding under Section 122 of the House Bill (HB) 2017 Transportation Funding Package for improving or expanding public transportation service in Oregon.	Pedestrian and bicycle improvements that provide connections to transit.
State Highway Trust Fund/ Bicycle Bill	When roads are constructed or reconstructed, Oregon law requires walkways and bikeways to be provided. Additionally, all agencies receiving State Highway Funds are required to spend at least 1% of those funds on bicycle and/or pedestrian infrastructure improvements (ORS 366.514). Currently, cities and counties receive 20% and 30% of the state's highway trust funds, respectively, which can be used for walking and biking projects along roads.	Bicycle and pedestrian projects.

Funding Source	Description	Potential Application
Sidewalk Improvement Program (SWIP)	ODOT's SWIP builds pedestrian and bicycle facilities on state roads and local roads that help people moving across or around the state system.	Bicycle and pedestrian projects.
Various Public or Private Grant Programs	Many public and private grant programs exist, such as People for Bikes, that offer funding support for transportation infrastructure. New such grant programs are formed often and should be regularly tracked by the County.	Various depending on the grant program.
Federal Funding Mechanisms		
Infrastructure Investment and Jobs Act (IIJA)	The IIJA (aka "Bipartisan Infrastructure Law," BIL) signed into law in November 2021 includes a five-year (FY 2022-26) reauthorization of existing federal highway, transit, safety, and rail programs as well as new programs (resilience, carbon reduction, bridges, electric vehicle charging infrastructure, wildlife crossings, and reconnecting communities) and increased funding. Oregon will receive over \$4.5 billion over the next five years.	Projects around the state that will benefit drivers, transit riders, cyclists, and pedestrians, and that help maintain roads and bridges, and address climate change.
Infrastructure for Rebuilding America (INFRA)	INFRA (known statutorily as the Nationally Significant Multimodal Freight & Highway Projects) awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas.	Projects that improve safety, generate economic benefits, reduce congestion, enhance resiliency, and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements.
Rebuilding American Infrastructure with Sustainability and Equity (RAISE)	The RAISE Discretionary Grant program invests in road, rail, transit, and port projects that promise to achieve national objectives. RAISE can provide capital funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional Federal programs which provide funding to very specific groups of applicants (mostly State DOTs and transit agencies).	Road, rail, transit, and port projects aimed toward national objectives with significant local or regional impact.
National Highway Performance Program (NHPP)	The NHPP provides support for the condition and performance of the National Highway System (NHS), for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS.	NHS roads and bridges (and non-NHS bridges so long as bridge condition provision requirements are satisfied).
Highway Safety Improvement Program (HSIP)	The HSIP is a core Federal-aid program with the purpose to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned roads and roads on tribal land. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads with a focus on performance.	Safety projects.
Bridge Investment Program (BIP)	The Bridge Investment Program is a competitive, discretionary program that focuses on existing bridges to reduce the overall number of bridges in poor condition, or in fair condition at risk of falling into poor condition. It also expands applicant eligibilities to create opportunity for all	Existing bridge projects.

Funding Source	Description	Potential Application
Transportation Alternatives (TA)	<p>levels of government to be direct recipients of program funds. Alongside states and federal lands management agencies, metropolitan planning organizations and local and tribal governments can also apply directly to FHWA, making it easier to advance projects at the local level that meet community needs.</p> <p>The BIL continues the TA set-aside from the STBG program. Eligible uses of the set-aside funds include all projects and activities that were eligible under the previously spending bill. This encompasses a variety of smaller-scale transportation projects.</p>	<p>Pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity.</p>
Federal Lands Access Program (FLAP)	<p>The Federal Lands Access Program (Access Program) was established to improve transportation facilities that provide access to, are adjacent to, or are located within Federal lands. The Access Program supplements State and local resources for public roads, transit systems, and other transportation facilities, with an emphasis on high-use recreation sites and economic generators.</p>	<p>Projects accessing high-use Federal recreation sites or Federal economic generators.</p>
Congressionally Directed or Discretionary Funds	<p>Congressionally Directed funds may be received through either highway program authorization or annual appropriation processes. These funds are generally described as “demonstration” or “earmark” funds.</p>	<p>Highway freight projects on the National Highway Freight Network, NHS highway/bridge projects/project in National Scenic Areas, freight rail/intermodal/port projects, rail-highway grade crossings or grade separation projects.</p>
National Highway Freight Program (NHFP)	<p>The NHFP was created by the FAST Act to invest in freight projects on the National Highway Freight Network. This program is apportioned to States by formula and a State must have had a freight plan in place beginning FY 2018 in order to receive formula funding.</p>	<p>Construction, operational improvements, freight planning, and performance measures.</p>

REFERENCES

1. Portland State University, Population Research Center. *Coordinated Population Forecast, 2022 through 2072, Curry County, 2022.*