# Transportation System Funding
# Interim Report

Eugene Budget Committee Citizen Subcommittee

June 2001


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The Honorable James D. Torrey, Mayor
Members of the City Council

We, the Citizen Members of the Eugene Budget Committee hereby submit to you our interim report regarding the City's transportation system funding issues. Our study was undertaken at the direction of the Eugene City Council, based on the charge given July 26, 2000.

Respectfully submitted,

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Eleanor Mulder, Chair

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Craig Wanichek, Vice-Chair

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## EXECUTIVE SUMMARY

Eugene's transportation system consists of local city streets and sidewalks, city collector and arterial streets and sidewalks, county and state highways, off-street bike paths, street and intersection lighting (signals and street lighting) and other supporting amenities designed to make the system both functional and compatible with neighborhoods. The Road Fund, which accounts for the planning, operation, maintenance and capital rehabilitation of the City's portion of Eugene's transportation system, lacks sufficient resources adequate to maintain the existing level of street transportation services or to prevent street surfaces from further deterioration.

The fund's financial difficulties are primarily due to decreasing revenues in the face of growing system service needs. Since 1996, county road fund transfers to Eugene's Road Fund have decreased by 54%. During the same period, state gas tax receipts have fallen behind population growth in Eugene. As the Road Fund faces increasingly severe resource constraints, less critical operating activities have been reduced to shift funding to ongoing street operation and maintenance, creating a backlog of major street rehabilitation and reconstruction needs currently estimated at $53 million. Additionally, there is little or no funding available to respond to needs related to other components of the transportation system, such as the sidewalk system, off-street bicycle system, street lighting, traffic calming, nodal development and selective utility undergrounding, all of which are necessary not only to meet the expectations of the community but also to accomplish the goals of TransPlan, the comprehensive metropolitan area transportation plan.

In July 2000, the City Council directed the Budget Committee Citizen Subcommittee to study Eugene's transportation funding issues, including a review of City receipts from the county road fund, and to report back findings and recommendations to the Council. The subcommittee met a total of eight times between September 2000 and May 2001 in a series of public meetings, studying Eugene's unmet transportation funding needs and deliberating possible new funding alternatives against a list of preestablished criteria. After careful study of the street system condition assessment and current cost estimates indicated by the Pavement Management System Report, dated March 2001, the subcommittee began to address the challenge of identifying a transportation funding strategy which would provide sustainable funding to ensure that the City of Eugene roadway and bike system at least falls no further behind in its condition and to improve that condition over time. In this process, the subcommittee also analyzed the six-year financial forecast for the transportation service system and reviewed other potential existing transportation funding sources and needs.

This subcommittee concludes that significant additional funding from one or more new, City-controlled revenue sources is needed in the near future if we are to preserve the community's investment in its transportation system infrastructure. We further conclude that the most critical capital funding need currently facing the City is its backlog of preservation work. In order to meet the goal of preserving Eugene's transportation infrastructure, adequate funds also are required for operating and maintaining the system. Of the many funding alternatives studied by the subcommittee, the two which were deemed to most closely conform to the preestablished criteria, while also generating sufficient revenue to address the priority objectives of operation, maintenance and preservation of the transportation system, were a transportation utility fee and a small local motor vehicle fuel tax.

The subcommittee further discussed potential restrictions on the amount of new revenue which could be allocated to address projected operating deficits in the Road Fund. No conclusion was reached on this issue. However, the City Manager and staff have committed to retaining an external consultant to conduct an independent review of the City's transportation system operation and maintenance (O&M)

services for the purpose of obtaining an independent opinion as to the efficiency and effectiveness of those services. A report on the findings of that study will be issued no later than October 2001.
Prior to issuing our final recommendation to the Council, we have recommended that the City Manager retain an external consultant for the purpose of conducting a critical examination of the pavement condition assessment and the $53 million preservation backlog estimate, which were integral to our study and conclusions. The purpose of this external review is to obtain an independent, expert opinion as to the accuracy of the preservation backlog estimate as a reliable indicator and measure of the transportation system funding problems facing Eugene.

It is our intention that, upon receipt and review of both the independent pavement management consultant's report and the external report on transportation system operation and maintenance services, we will submit to the Council our final recommendation for funding our unmet transportation needs.

## SUBCOMMITTEE INTERIM CONCLUSIONS

We, the citizen members of the Eugene Budget Committee, after study and discussion of both the transportation system needs and the various revenue alternatives, have reached the conclusion that significant additional funding from new revenue sources is needed in the near future if Eugene is to preserve our investment in transportation system infrastructure.

The interim conclusions of the subcommittee are as follows:

- In the face of projected O&M funding shortfalls and service reductions beginning in FY03, ensuring adequate funding for the **operation and maintenance activities** of the City's transportation system is absolutely essential.
- The most important capital funding need to be addressed is in the **backlog of preservation work on roads and off-street bike paths**.
- Providing adequate funding for **ongoing annual preservation activity** is critical to prevent preservation backlogs from accumulating in the future.
- The subcommittee's current consensus is that, in order to accomplish these priority objectives, the appropriate **level of new revenue needed is $9 million annually**.
- The two funding measures which most closely conform to the subcommittee's guiding principles while also generating sufficient revenue to address the priority objectives are:
    - the **Transportation Utility Fee**
    - a small **local motor vehicle fuel tax**
- We strongly support and encourage cooperative efforts with the City of Springfield for the **regional implementation of any new revenue source for transportation funding.**
- Prior to issuing our final recommendation to the Council, this subcommittee recommends that **an independent review be conducted by an external consultant** for the purpose of issuing a report based on a critical examination of the pavement condition assessment and preservation backlog estimates which were integral to our study and conclusions.

However, we also acknowledge the significant challenge facing the Council in educating the community regarding this critical need for new transportation funding revenues. The daunting amount of the preservation backlog in itself represents a significant financial obstacle. Given the importance of this need to the future of our community and the potential impact on its citizens for years to come, we have

recommended that the City Manager retain an external consultant for the purpose of obtaining an independent review of the accuracy and reliability of the City's pavement condition assessment methods, as well as the estimated preservation backlog, prior to moving forward with our full recommendation to the Council and the community.

## SUMMARY OF SUBCOMMITTEE PROCESS

The subcommittee met over a period of nine months to discuss transportation funding issues. Numerous staff-produced materials on transportation system needs and funding alternatives were reviewed. Subcommittee discussion identified the most important needs and the most feasible funding alternatives. In addition, the subcommittee has actively monitored and participated in the County's process for allocating federal dollars received under the Rural Schools and Community Self Determination Act of 2000. Subcommittee members Jennifer Solomon, Howie Bonnett and Craig Wanichek testified before the Lane County Board of Commissioners on December 5 as part of a united effort of local cities. The testimony they offered was in favor of continuing and increasing funding for the County/City Road Partnership Agreement.

Subcommittee Chair Eleanor Mulder and member Howie Bonnett also spoke before the Lane County Roads Advisory Committee (CRAC) concerning the use of the new federal road dollars. In addition, Chair Mulder testified in public hearing before the CRAC on behalf of the subcommittee and Eugene, advocating for increasing the cities' shares in the partnership agreement given the increase in federal funding received by the County. Member Solomon testified on the proposed County/City Roads Partnership funding before the Board of Commissioners on May 2, urging the County to increase the amount of funding and extend the length of the term of the Agreement. Copies of minutes from the subcommittee meetings are attached as Appendix M.

This report is organized to reflect the subcommittee's process. Staff-produced information relating to the transportation system needs is summarized in the next section. Then the City's intergovernmental efforts are described. Finally, subcommittee discussions and prioritizations on both transportation system needs and funding alternatives are summarized. The appendices provide additional detail.

## SUMMARY OF STAFF-PRODUCED INFORMATION REGARDING TRANSPORTATION SYSTEM NEEDS

A determination of the amount of funding required to adequately support Eugene's transportation system must consider the broad nature of the transportation system, the estimated cost of various program needs, and the availability of existing funds and other resources to accomplish the desired objectives. This section of the report addresses these issues in the following sequence:

- Analysis of the current needs, including pavement condition, backlog, and other unfunded transportation needs;
- Discussion of operation, maintenance and preservation of the transportation system and of the use of contracting and in-house resources to perform work;
- Review of the Road Fund and how it relates to the current problems; and
- Projection of how increased funding might affect the condition of the system.

*(Note: This analysis considers only the services and costs related to the operation, maintenance and preservation (OM&P) of Eugene's existing transportation system. It does not take into account the construction of new roads or other new infrastructure that may be required to address issues such as*

*congestion, travel times and safety, except to the extent that OM&P may provide some incidental benefits in these areas. Funding analyses are limited to the Road Fund, since this is currently the only source of significant funding for transportation system OM&P. A glossary, found in Appendix A, provides descriptions of the various component types as well as other terms relevant to the transportation system.)*

**Staff Estimates of Current Transportation System Needs**

The Eugene Public Works Department uses a computer-based pavement management system to track conditions and provide information about Eugene's street system. The system takes into account the data provided by annual condition inspections and also factors in age, development type, traffic loads, and current and projected use for each segment of roadway in the city. This information can then be used to generate reports on rehabilitation needs, appropriate treatments, and estimated costs. The pavement management system draws on 14 years of pavement condition information and can produce predictive models to identify current and future needs.

Pavement management system predictive modeling was used to create several views of Eugene's transportation system condition, including a current or "baseline" view and projections of conditions over a 10-year period assuming varying levels of investment in rehabilitation and reconstruction. These views were included in a March 2001 report prepared by Eugene Public Works Maintenance Division titled "Pavement Management System--An Update on City of Eugene Pavement Conditions," a copy of which was distributed to each member of the Council and subcommittee.

The current baseline view provided by the pavement management system shows an estimated $53 million backlog in preservation projects. Specifically, the March 2001 report found that at this point in time 15% of the major arterials in Eugene need reconstruction or overlay, 57% of the city's minor arterials need treatment, 44% percent of the collectors need treatment, 44% of neighborhood collectors need treatment and 25% of residential streets need treatment.

In addition to the need for pavement preservation, a number of other transportation system needs have been identified by staff. A more detailed discussion of these elements is included in Appendix B, *Summary of Transportation Service System Needs* The amounts shown in parentheses are staff estimates of annual cost:

- Traffic calming ($400,000)
- Sidewalk system improvements ($300,000)
- Street trees and median maintenance ($250,000)
- Street assessments and subsidy program ($300,000)
- Selective utility undergrounding within the right-of-way ($200,000)
- Nodal development planning and implementation ($130,000)
- Transportation marketing and education ($75,000)
- Off-street bicycle system reconstruction ($300,000)
- Bicycle system maintenance and rehabilitation ($125,000)
- Residential and arterial/collector street lights ($244,000)

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**Operation, Maintenance and Preservation**

Operation, maintenance and preservation of the existing system are the highest priorities in managing the transportation system.

- **Operation and maintenance** encompass a wide range of efforts that extend the life of streets and provide safety and efficiency benefits to system users. Maintenance activities tend to be limited in scope and area, typically in the form of localized repairs (such as a single concrete panel replacement, an asphalt patch or a traffic signal repair) in locations throughout the system.

  The operating budget includes approximately 76 FTE Road Fund positions in the Public Works Department, including staff from the Administration, Engineering, Maintenance, Parks and Open Space and Transportation divisions.

Primary areas of operating Road Fund expenditures, along with FY02 gross budget estimates, include the following elements:

| | |
|---|---|
| Signs, signal and street light maintenance | $1.9 million |
| Asphalt and concrete | $1.4 million |
| Trees, landscaping, irrigation and natural resources | $1.2 million |
| Planning and engineering | $1.0 million |
| Administrative services | $1.0 million |
| Technical services (including public information, permits and inspections) | $0.6 million |
| Other | $0.6 million |
| Total | $7.7 million |

- **Preservation** projects go beyond routine Operations and maintenance and provide major repairs at focused points in the system. Preservation projects typically are divided into two categories: rehabilitation and reconstruction.

*Rehabilitation* in the form of overlays, slurry seals and other surface preventative maintenance treatments is critical because deterioration and associated repair costs accelerate over time. The chart on the following page (Figure 1) shows the general relationship between pavement age, condition, preservation type, and cost. As a general rule, reconstructing a street that has failed due to delayed preservation is four to five times more costly than rehabilitation. Staff estimates it would cost approximately $3.2 million a year to provide timely rehabilitation on Eugene's streets. This amount is separate from ongoing operation and maintenance requirements.

*Reconstruction* describes projects in which the street structure typically is removed and rebuilt. There are a number of reasons that have led to the accelerated deterioration of a large number of Eugene's street surfaces. Pavement age is one important reason. Studies have shown that the typical life of arterial and collector pavement surfaces fall in the range from 12 to 15 years.

Once pavements pass that point, they tend to fail much more quickly (see Figure 1 on following page), resulting in much higher costs to preserve the investment. An analysis done in 2000 by Public Works showed that almost half (48.4%) of Eugene's arterial-collector street system is more than 15 years old, and more than 70% of the system is more than 10 years old (see *Street Age Map*, Appendix C).

Eugene's reconstruction liability is growing. In 1994, approximately 7% of Eugene's arterial-collector system was in need of reconstruction. By 1999, that figure had more than doubled, to over 16%. As the system continues to age, and maintenance is delayed, more and more of the system will deteriorate to the point of needing reconstruction.

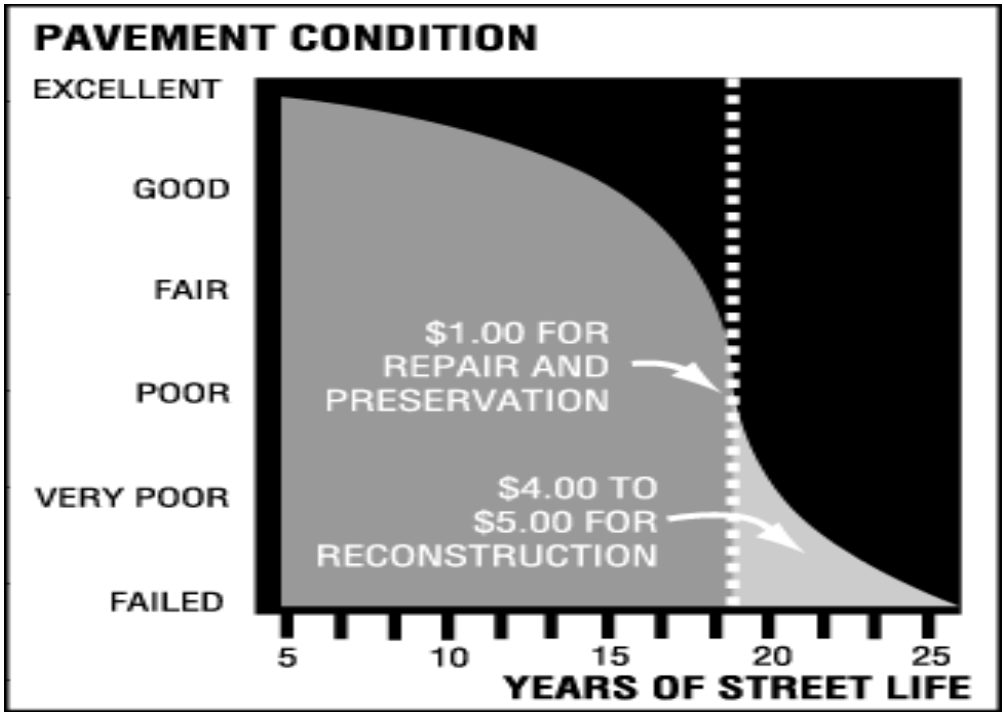


***Figure 1:*** *Typical Pavement Life Cycle and associated costs.*

**Contracting and in-house work** decisions involve a number of factors, including:

- Availability of staff and/or equipment in-house
- Amount of specialized knowledge and/or equipment required
- Scope of work
- Time frame

In general, the City seeks to make the best and most efficient use of both public and private resources in its public works projects. For small jobs that need to be done right away, the City utilizes the investments it has made in staff, equipment, and other resources necessary to perform ongoing municipal operations efficiently and cost-effectively. When a job requires specialized knowledge or equipment, or if the scope of work is large and does not require immediate completion, the City contracts out the work. There is no absolute price threshold, although larger projects tend to be contracted out. Smaller jobs (such as slurry seals or smaller overlay projects) often are "bundled" into a larger contract.

Performing routine maintenance (such as pothole patching) or emergency response activities with Public Works staff is typically more cost effective and expedient than contracting those activities. The mix of equipment and training provided for staff is targeted to maximize effectiveness in these areas. Public Works staff are not trained or equipped to perform large projects (such as street overlays or reconstructions) or those atypical projects requiring unique equipment. Contracting is typically more cost effective in these cases.

In general, good candidates for contracting are easily-described projects which are large enough to gain vendor interest and to absorb the costs of engineering analysis, plan and document preparation, and contract management. Routine maintenance activities are generally smaller projects not requiring engineering analysis, plans and document preparation, or contract management. Staff are dispatched to perform this type of activity without extensive project oversight and no contract overhead.

Emergency response is another area where in-house staff typically perform better than contracting. The difficulty in predicting the type and severity of an emergency event makes contracting difficult. In-house staff familiar with the City's infrastructure typically can respond much more quickly than a contractor. Also facilitating emergency response is the flexibility to quickly assign or reassign in-house staff from one project to another, or to dispatch crews to deal with unscheduled problems. This avoids delays which would occur if a private vendor's representative needed to be contacted and change orders negotiated. For example, if the local asphalt batch plants become unavailable, crews are readily reassigned to other work activities. This combination of flexibility and timely response is crucial to the highest level of customer service and satisfaction. Minor street repairs such as pothole patching or crack sealing have not generated a great deal of vendor interest in the past due to their nature of being many small projects--many driven by citizen complaints--and widely dispersed around the city.

In the Transportation Division, all of the capital project work is contracted out with the exception of an occasional small (typically under $25,000) signal or lighting project that City crews might perform, and some new street lights that are installed by EWEB on its poles. The bulk of contracted projects involve capital projects such as traffic signals (new or re-constructed), street lights (new), traffic-calming projects, and miscellaneous traffic operations improvements such as median islands for pedestrian crossings. Most of this work goes out through the Engineering Division's bidding and contract processes.

In Transportation operations, City crews do work such as the annual restriping of streets, routine sign inspection and maintenance, and most of the electrical maintenance and bulb replacement for signals and street lights. These are mostly routine, repetitive functions that staff is trained and equipped to do. As in Maintenance, Transportation operations staff is able to cost-effectively blend the pre-scheduled preventive maintenance work with the various types of service calls or problem solving that comes up throughout the year. Operational work contracted out includes saw-cutting pavement or concrete (for loops, conduit runs, etc.), various types of testing, sandblasting and water blasting of old paint. These are functions that are less frequently needed, so it makes sense to hire an outside contractor. All Public Works divisions contract with consultants for studies and special projects. Again, these services usually require specialized knowledge (such as bridge design or landscape and architectural design).

**Current Funding Situation**

The primary sources of funding for Eugene's Road Fund are:

- State Highway Trust Fund, through which gas tax and weight-mile fee revenues are distributed to Eugene on the basis of population. These revenues are restricted by the Oregon Constitution for use within road rights-of-way.
- Transfers to Eugene from the Lane County Road Fund through the City/County Road Partnership Agreement.
- Other sources, such as interest earnings.

Additional revenues are available from the federal Surface Transportation Program (STP). These funds, which are allocated locally by the Metropolitan Policy Committee, are available for capital transportation projects, transportation planning and other eligible activities. Other special federal, state and county grants periodically become available; however, they tend to be focused on capacity enhancement versus operation, maintenance and preservation.

The following table shows the relative contribution of each of these sources to the City's transportation service system budget in FY01.

| | |
|---|---|
| State Highway Trust Fund | $5.94 million |
| Lane County Road Fund Transfers | $1.24 million |
| STP Funding | $0.50 million |
| Other Revenue | $0.46 million |
| Total Current Funding Sources | $8.14 million |

The City's Road Fund has been affected by a number of factors over the past several years:

- Oregon's gas tax has not increased since 1991, with little prospect that the 2001 Legislature will enact a statewide gasoline tax increase or other significant transportation revenue measure.
- The City's street tree program was transferred from the General Fund to the Road Fund in the mid-1990's. Since then, the scope of the program has grown, and in FY01, Road Fund expenditures in the Urban Forestry service category were approximately $820,000.
- The number of miles of road network has increased significantly due to new development.
- Inflation rates for materials, supplies and services have exceeded revenue growth.
- County Road Fund annual transfers to the City's Road Fund have decreased over the past four years, from $2.7 million in FY96 to less than $1.25 million in FY01. A one-year extension has been signed for FY02; however, future transfer payments are uncertain.
- State and federal grants, including STP funds, carry many requirements, including prohibitions on spending these types of revenues on operation and maintenance. Most grants have additional limitations on how the moneys can be spent.

Based on financial forecasting, even if the current level of transfer payments from Lane County's Road Fund is maintained, Operation and maintenance service reductions will be required as early as FY04 if new revenues are not found. Public Works over the past several years has actively identified and initiated efficiencies. However, additional steps were necessary. Road Fund services and positions were cut in FY01, and Road Fund capital expenditures have been virtually eliminated from the proposed FY02 budget. Despite these efforts, Road Fund reserves continue to be depleted. Additional information is provided in Appendix D, *Transportation Service System Forecast, March 2001.*

TransPlan has identified a significant shortfall in local operation, maintenance and preservation, and there is direction in the current draft of the Plan to develop a locally controlled source of revenue that is equitably tied to all users of the transportation system. The TransPlan draft recommends these revenues be used to address operation, maintenance and preservation needs. Because of projected deficits in the Road Fund, Eugene has not included any funds for capital preservation of roads in the FY02-07 Capital Improvement Program (CIP).

**Effects of Additional Funding**

Beginning with the $53 million current preservation backlog identified in the pavement management system's baseline analysis, a projection was run assuming no treatment over the next 10 years. That analysis shows that, with no further treatment, unmet preservation needs will have grown to more than $250 million by 2011. Based on early subcommittee discussions, an analysis was prepared which illustrates the outcome of an annual investment of $8.5 million ($5.3 million to address the backlog and another $3.2 million for ongoing needs ) in preservation. In this scenario, the backlog is brought down to

approximately $30 million over the 10-year period. The reduction in the backlog resulting from this level of annual investment in preservation is represented by the red area in Figure 2.
Public Works reviewed the $53 million backlog and other available data and produced a map showing preservation projects that would be necessary to accomplish an outcome similar to that shown below.

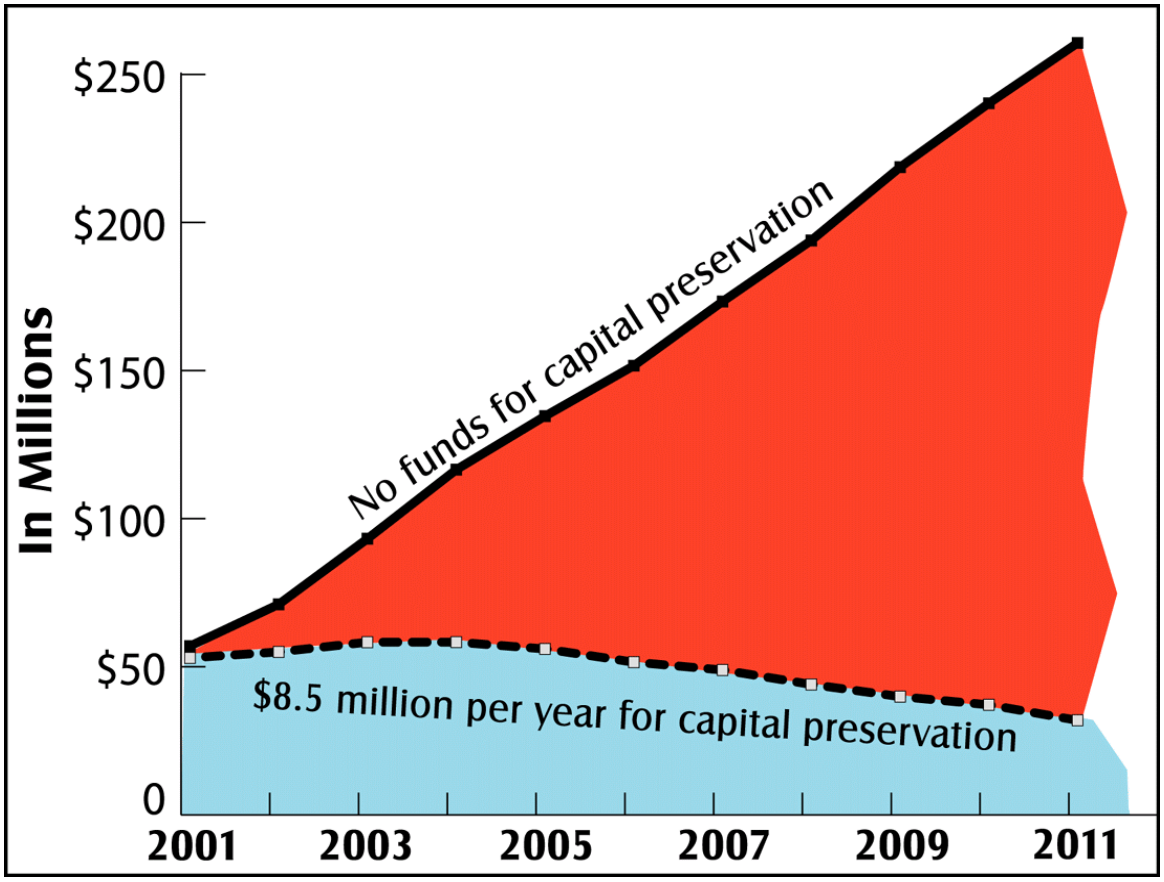


***Figure 2:*** *Estimated reduction in capital preservation backlog resulting from $8.5 million annual investment in capital preservation activity.*

The most cost-effective approach is to use a "best-to-worst" treatment priority. This allows the City to apply preventive maintenance primarily in the form of overlays in the early years of the program to keep marginal pavements from slipping into the more expensive reconstruction category. In the latter years of the program, the work effort would be directed more toward reconstruction projects. Appendix E contains maps showing locations of projects over several phases of a 10-year preservation program.

## INTERGOVERNMENTAL PARTNERSHIP EFFORTS

Intergovernmental relationships play a significant role in the operation, maintenance, and preservation of Eugene's transportation system. Examples of intergovernmental relationships include inter-jurisdictional partnerships designed to provide operating efficiencies, formal financial agreements, and shared interests in finding regional solutions to common problems.

**Lane County Partnerships**

Eugene works closely with Lane County in several areas related to transportation operation, maintenance

and preservation. Operating agreements have long been in place to provide efficient service delivery.

Examples of these operating partnerships include road maintenance agreements, ice and snow removal agreements, and agreements on how other road-related services such as leaf pickup and sweeping are provided. The goals of these operating agreements, and similar agreements with Oregon Department of Transportation, are to avoid redundant service and make the most efficient use of equipment in geographical areas. An example would be the establishment of maintenance jurisdiction responsibilities in River Road-Santa Clara for specific geographic areas.

Eugene has received transfer payments from the Lane County Road Fund since 1986. Originally, these payments were related to the transfer of planning, building and park services as well as the transfer of County roads within Eugene's urban growth boundary to City jurisdiction. In 1993, the agreement was modified in the form of the existing County/City Road Partnership Agreement. Transfer payments from the Lane County Road Fund are deposited in Eugene's Road Fund and are available for any legal Road Fund purpose. In recent years, these funds have been used almost exclusively for operation, maintenance and preservation.

Revenues received through the County/City Road Partnership Agreement have declined in recent years, from a high of $2.7 million in FY96 to $1.25 million in FY01. The City in May 2001 signed a one-year extension of the current $1.25 million agreement. Extension of the agreement beyond FY02 is uncertain, complicating the City's Road Fund financial projections and strategies.

Lane County recently learned it would receive an estimated $24 million in additional road funds over the next six years through the federal Rural Schools and Community Self Determination Act of 2000 and has adopted criteria for distributing the additional funds through a new Capital Projects Partnership (CaPP) fund. Modernization and safety projects are the highest priorities for the CaPP fund; however, preservation projects may receive funding if other criteria are met. Over the next several months, Eugene will review its transportation system needs and determine which projects should be submitted for consideration for CaPP funding.

Eugene also has historically received special capital project funding from Lane County. An example is the $5 million contribution Lane County made to the recently completed Ferry Street Bridge project. Another example is the funding Lane County has provided for low-income housing projects through its Roads for Assisted Housing Projects Program. These funds typically are project specific and are not a likely source of funding for operation, maintenance and preservation.

**Collaboration with City of Springfield**

Throughout the course of the subcommittee process, staff from the cities of Eugene and Springfield have made particular effort to maintain close communications and working relationships, both in preparation of materials and testimony for the County Roads Advisory Committee and in sharing process and background materials related to our exploration of various transportation funding options.

On a somewhat parallel process to that of Eugene, the City of Springfield staff and council have also been exploring the issue of transportation funding. When the subcommittee was beginning its work last fall, Springfield staff indicated that, while their council had not as yet expressed strong interest in creating new revenue sources, interest on the part of Eugene City Council or the County Commissioners in doing so could make a difference in Springfield's interest in exploring different revenue options. Throughout its evaluation of various funding options, the subcommittee has continued to emphasize the value of working jointly with Springfield towards regional implementation of a new revenue source to

address each cities' transportation funding needs.

In March 2001, Springfield staff went to their council to present a wide variety of revenue options, ranging from a gas tax to a sales or gross receipts tax, which could be considered for providing additional funding for operation, maintenance and preservation of the city's transportation network. Staff suggested that, in their initial development of alternatives for locally generated and controlled revenue sources, five possibilities seem to emerge with the potential for generating the necessary amounts of revenue: local fuel tax, transportation utility fee or "TUF", local sales tax, local business/occupations tax, and a local gross receipts tax. At that meeting, the Springfield Council expressed a preference for a local gas tax as a partial funding solution for Springfield's Street Fund. None of the more broadly-based revenue sources (sales tax, gross receipts tax or business/ occupation tax) generated significant council interest. Some councilors also expressed concern about imposing a new utility fee, in light of Springfield voters' recent rejection of a tax levy. In general, the council emphasized the need for coordination with Eugene and Lane County.

In anticipation of a more in-depth fall discussion by the Springfield City Council of the various transportation funding options, Springfield and Eugene staff are jointly researching issues and existing models related to both a local gas tax and a transportation utility fee. In a recent executive meeting, the city managers from both cities agreed to direct their staffs to continue to work together in exploring joint opportunities for a cooperative transportation funding effort between the cities.

In addition, Eugene staff have been monitoring the work of City of Portland and how they are proposing to address their transportation funding needs. As part of the FY02 budget process, the Mayor of Portland is proposing in her budget the creation of a transportation utility.

## SUBCOMMITTEE DISCUSSION - TRANSPORTATION NEEDS PRIORITIZATION

The initial list of transportation system needs and accompanying funding gaps was assembled by staff and presented to the subcommittee. Additional information on particular items on the needs list was made available upon members' requests. In the course of discussions in September through November, it became clear that subcommittee members viewed several needs as having higher priority.

A Six-Year Road Fund Financial Forecast was provided and discussed at the September 29 and November 13 meetings. Revenues were projected to be inadequate for operating needs, with the fund experiencing a deficit fund balance as early as FY04, assuming the City's share of the County/City Road Partnership Agreement funding continues at the current annual level of $1.25 million. However, were the Partnership funding to be restored to the FY96 level of $2.7 million annually, then the operating deficit would be avoided entirely. In December, subcommittee members individually filled out a transportation needs preference survey. Members were asked to indicate whether the various needs that had been identified were very important, somewhat important, somewhat unimportant, or very unimportant. Comments were collected as well.

In order to more clearly differentiate the listed needs according to importance, weighted composite scores were produced with "very important" valued at 2, "somewhat important" valued at 1, "somewhat unimportant" valued at –1 and "very unimportant" valued at –2. Based on the composite scores, the needs were listed in order of relative importance. Both the raw survey results and the weighted scores were provided to assist the subcommittee discussion as to which needs should be funded.

The initial priority order of transportation needs based on December survey results was as follows. The *Complied Member Survey Results* from the December survey are attached as Appendix F.

1. Street Preservation and Maintenance
2. Street Reconstruction Backlog

3. Selective Utility Undergrounding
   Bicycle System Maintenance and Preservation
4. Sidewalk System Improvement
   Street Assessment and Subsidy Program
5. Street Trees and Median Maintenance
   Off-Street Bicycle System Reconstruction
6. Residential and Arterial/Collector Streetlights
7. Photo Red Light Traffic Signal Interconnection
8. Photo Radar
9. Nodal Development
   Alternative Transportation Marketing and Education
10. Traffic Calming

In March, the subcommittee reviewed a revised, more comprehensive transportation system financial forecast which confirmed the expected Road Fund operation and maintenance deficit, possibly as early as FY03 if county transfer funding were to be cut off. However, if annual county transfers to the City Road Fund were to continue at the current $1.25 million level and were available for operation and maintenance uses, the fund deficit would be delayed until FY05.

Subcommittee discussions explored various aspects of the operating activities and capital expenditures of the Road Fund. The possibility of increased County Road Fund transfers of federal dollars and the possibility of limitations being placed by the County on use on federal funds was discussed at some length. The subcommittee reached consensus that the **operation and maintenance** of the road system must continue to be funded at the current level .

The subcommittee maintained a consensus that the **preservation backlog** and **ongoing preservation and maintenance** are the transportation system's highest priority needs, and assigned the next highest priority to the **off-street bicycle system reconstruction** and **bicycle system operation and maintenance** needs.

In discussions over a period of several meetings, the subcommittee maintained a consensus that the **preservation backlog** and **ongoing preservation and maintenance** are the transportation system's highest priority needs. However, members modified the initial priority list and assigned the next highest priority to the **off-street bicycle system reconstruction** and **bicycle system operation and maintenance** needs. Finally, the subcommittee concluded that, in recognition of community and council interest in the **remaining needs**, including elements such as traffic calming, a portion of any new revenue should be allocated as STP matching funds. Both the STP grant funds and the matching funds would then be allocated among these remaining needs as determined by the full Budget Committee. The following list reflects the subcommittee's discussions as to which needs ought to receive funding from new revenue sources.

Street Preservation

*Summary of discussion:* Preservation work includes rehabilitation and reconstruction activities. Many city streets are now showing significant signs of decay. Preserving Eugene's current investment in streets and related facilities is the most cost-effective investment of any new transportation system funding and should receive the highest priority. Timely investment in preservation will extend useful life of existing streets for many years and prevent additional deterioration. Failure to invest in rehabilitation would result in a need for much more expensive reconstruction in the future. If rehabilitation activity is not done in a timely manner, the subgrade will deteriorate, and failure will occur. When this failure occurs, the street structure must be removed and reconstructed. The subcommittee agrees that funding rehabilitation first will have the greatest cost-effectiveness. Reconstruction backlog projects should be funded after the rehabilitation backlog is addressed.

Street Operation and Maintenance

*Summary of discussion:* The importance of continuing to fund transportation system operation and maintenance at the current level was supported by the subcommittee. Operation and maintenance services are critical to the success of any capital preservation program. This is particularly true if Eugene invests millions of dollars of new revenue in overcoming the rehabilitation and reconstruction backlog. Without a fully funded Operation and maintenance program, the preservation strategies will be less effective.

In recent years, the County has transferred $1.25 million of federal funds annually to the City Road Fund. This money has gone to support operations and maintenance activities. If this transfer is reduced or restricted to capital activities by the County, the Road Fund operations and maintenance activities will be in a deficit position as early as FY03. The FY02 budget approved by the Budget Committee presumes these funds will be available for a period of one year, based on a one-year extension of the current County/City Road Partnership Agreement, signed in May 2001.

Off-Street Bicycle System Preservation Backlog

*Summary of discussion:* Despite its popularity and Eugene's commitment to multi-modal transportation, the off-street bicycle system has not been funded adequately because of the constitutional constraints that do not allow use of road fund dollars outside of the road right-of-way as well as the unavailability of City General Fund dollars. A priority for new, non-constrained revenue from a transportation utility fee would address the rehabilitation and reconstruction backlog of this deteriorating system.

Bicycle System Operation and Maintenance

*Summary of discussion:* New revenue from a non-constrained source is needed for ongoing operation and maintenance of the bicycle system, which will be essential to preserve Eugene's capital investment and ensure that bicycle transportation remains a viable transportation choice.

Traffic Calming and Other Needs

*Summary of discussion:* Although the subcommittee did not rank other needs as highly as those addressed above, members recognized that traffic calming in particular is seen as an important need by many people in the community. The consensus was that some level of federal STP matching funds should be provided from any new revenue resource, and the matching and federal

STP grant funds should be allocated among all allowable needs at the discretion of the full Budget Committee. These allocations could include funding for any of the identified transportation needs which are also eligible STP activities, including but not limited to traffic calming, the sidewalk program, nodal development and transportation demand management.

## SUBCOMMITTEE DISCUSSION - TRANSPORTATION FUNDING ALTERNATIVES

In the September 29 meeting, the subcommittee adopted guiding principles for their work and endorsed the idea of bringing to the Council a package proposal or combination of funding alternatives, rather than a single alternative. The Guiding Principles were intended to provide a set of criteria against which various alternative revenue options could be evaluated and compared.

Additionally, the subcommittee requested a copy of all council policies and goals, either adopted or currently proposed, which would be relevant to their consideration of transportation funding options. Those policies and goals considered are included in this report as Appendix G.

Staff next offered for consideration a broad-based list of potential funding sources which might be used by the City to generate additional revenue for transportation system service needs. This list included over 20 potential revenue sources in broad categories ranging from assessment mechanisms, property tax-based options, various forms of excise taxes, utility/user fees, as well as more traditional general municipal revenue sources (see *Funding Alternatives for Transportation System Needs,* Appendix H). Additional revenue alternatives were suggested by subcommittee members in the course of subsequent discussions. The subcommittee directed staff to provide further analysis on several alternatives, listed below:

- Property taxes (both local option levy and general obligation bonds)
- Expanded assessment practices/local improvement districts
- Broadened use of systems development charges (SDCs)
- Motor fuel tax on distributors (including sales outside city)
- Transportation utility fee
- Street improvement fee

Staff prepared analyses, attached as Appendix I, on the alternatives selected by the subcommittee. These were presented and discussed at the November 13 and December 11 meetings.

**Guiding Principals**

- **Diversification of Revenue Sources**
  An overall funding strategy for transportation system service needs should include multiple funding sources, which will adequately address the full range of identified transportation system service needs.
- **Consistency with Goals and Policies**
  All proposals for sources and uses of funds, overall funding strategies and other subcommittee products should be consistent with adopted City Council Goals and City policies.
- **Legal Defensibility**
  The City must have clear and incontrovertible authority and ability under state and federal statutes to implement the proposed revenue sources and uses.
- **Financial Feasibility**
  Funding sources must be able to produce timely, adequate revenue streams with a high degree of long-term sustainability.
- **Politically Supportable**
  An overall funding strategy for transportation system service needs must be deemed politically acceptable by both the City Council and the general public in terms of appropriate uses of public resources, general fairness to system users, and level of acceptance for funding proposals. The funding strategy and specific revenue sources must also be easily understood by citizens and have a direct relationship to specific community transportation system service needs.

In December, individual subcommittee members also completed a survey in which they evaluated the various revenue alternatives against the subcommittee's Guiding Principles. Members were asked if each alternative merited further discussion. The survey results were provided to the subcommittee. After further discussions, the subcommittee took straw polls on five revenue alternatives that had received considerable member attention. The results were as follows:

Subcommittee Straw Poll Results, Revenue Alternatives (12/11/00)

| | |
|---|---|
| Local Option Levy | 7:0 opposed |
| General Obligation Bonds | 6:1 opposed |
| Parking Tax | 5:2 opposed |
| Fuel Tax on Distributors | 4:3 in favor |
| Transportation Utility Fee | 6:1 in favor |

Staff continued to develop analyses and provide information as the subcommittee members proceeded with their considerations of revenue alternatives. The alternative for a motor fuel tax on distributor sales outside the city was found not to be allowable under state law, so a local motor fuel tax was discussed instead.

In the January 29 meeting, the transportation utility fee continued to be the revenue alternative with the highest level of member support. A local motor fuel tax also received majority support. Staff were asked to prepare funding scenarios incorporating combinations of a transportation utility fee, a motor fuel tax and G.O. bonds. The remaining revenue alternatives were not discussed further.

Consensus was reached that all residents and visitors, whether motor vehicle drivers or non-drivers, have an important stake in maintaining the City's transportation infrastructure. Even non-drivers have mail delivered and require access to mass transit, city bicycle lanes and off-street bike paths. Whether walking to visit friends, bicycling to work, driving to the doctor's office, or traveling by bus to school, everyone depends on the city transportation network and should rightly contribute to its upkeep. The subcommittee was interested in revenue alternatives that would result in non-residents paying a share, along with city residents.

A transportation utility fee (TUF) is applied universally and is an equitable revenue source to which all property users contribute according to their share of impact on the system. The fee paid by retail and commercial property users will be partially passed on to non-resident visitors shopping or working in the city. All property within the city, whether currently exempt from property taxes or not, would be subject to a TUF. This includes the University of Oregon, as well as other state and federal property. The fact that all property users in the city would contribute their share increases the fairness of the TUF as a way to cover costs of the transportation system.

The TUF revenue is also very flexible and, unlike a motor fuel tax, can be used for off-street bicycle paths and other off-street uses because it does not fall under the constitutional provision limiting its use to roads only. In initial discussions, some members questioned whether a transportation utility fee would be somewhat regressive because low income people purchase less and use the transportation system less. However, people with higher disposal income typically purchase more goods and services, and so would pay more of the pass-through of a commercial and retail transportation utility fee. Also, the fee amount for apartment residents typically is less than that paid by residents of single-family homes, because surveys of apartment dwellers show they typically use the transportation system less.

The constitutional limitation referred to earlier does apply to a local motor fuel tax, such that all revenue raised from a motor fuel tax may only be spent within the road rights-of-way. Since the motor fuel tax is paid by users of motor vehicles, this dedication of revenue from motor fuel taxes seems appropriate. Like the transportation utility fee, the motor fuel tax will also capture revenue from non-residents. Several funding scenarios involving combinations of the transportation utility fee, motor fuel tax and G.O. bonds were reviewed and discussed by the subcommittee at the February 12 meeting. A preliminary target of net revenue to be generated was established at $9 million**.** The preferred funding package follows:

Motor Vehicle Fuel Tax

A **two-cent per gallon tax** would be expected to produce net revenue of approximately $1.3 million per year. All motor fuel tax revenue is restricted to activities related to the road rights-of-way. Bicycle paths and other off-street activities could not be funded from this source.

Transportation Utility Fee

The remaining $7.7 million of the total funding target could be raised with a TUF. Per household residential fee levels would be about $4 per month.

The subcommittee agreed that **the most effective transportation funding package would consist of a transportation utility fee and a motor vehicle fuel tax**. These measures are capable of raising adequate levels of revenue and most closely conform to the subcommittee's guiding principles.

The subcommittee agreed that the most effective transportation funding package would consist of a transportation utility fee and a motor vehicle fuel tax. These measures are capable of raising adequate levels of revenue and most closely conform to the subcommittee's guiding principles. A revised transportation service system financial forecast was prepared showing the effects of the proposed new funding package on the six-year outlook for the Road Fund. That forecast is included as Appendix J.

Below are listed the individual revenue options which were raised and/or considered, along with salient points based on subcommittee discussion and the December survey results. The *Compiled Member Survey Results* from the December survey are attached as Appendix F.

Assessments

- **Broadened Assessment Practices/Local Improvement Districts**
  Subcommittee members suggested that this funding option could perhaps be part of a combination of solutions for funding street improvement projects in neighborhoods, along with matching grant programs and other sources. Similar to the street improvement fee concept, this approach would be focused on improving currently unimproved streets to urban standards. However, the December survey showed that this alternative was seen as having quite a low likelihood of being politically supported in the community.

- **Broadened Use of Systems Development Charges**
  Subcommittee members noted that this option would not be available for preservation projects, but did acknowledge the equity in having SDCs pay for improving capacity rather than funding those improvements from the Road Fund. One concern expressed was that a recommendation to

include improvements to streets within the Urban Growth Boundary and under County jurisdiction in the City's transportation SDC could become another item of dispute or contention with the County. The County has not yet elected to pursue a proposal to levy a transportation SDC for similarly planned County-funded improvements within the Urban Growth Boundary.

Members also voiced that encouraging out-of-city development may be a poor choice in light of the potential implications of Measure 7 for development of county tracts. The December survey revealed that members saw this alternative as providing for diversification of revenue sources, being consistent with City goals and policies, and being legally defensible. However, concern was expressed about political supportability and that it was limited to new improvements that are capacity oriented (arterials/collectors).

Staff reported that the City Roads Advisory Committee (RAC) is currently reviewing the City's transportation system development charge methodology. A recommendation under consideration by the RAC may result in implementation of a reimbursement component to the transportation system development charge to cover costs that new development impose upon the existing road system.

Property Taxes

- **General Obligation (G.O.) Bonds Backed by a Property Tax Levy**
  Subcommittee members expressed concern as to whether the City could generate voter support for a G.O. Bond or Local Option Levy, given the recent failure of the police and fire station ballot measures. It was also noted that renewal of the Library operating levy in two years would create competition on the ballot for a transportation funding tax levy. This concern was countered with the belief that voter opposition could be overcome by identifying specific improvements that would benefit residents in broad geographic areas and also by limiting the increase in the debt tax levy to specific amount. This is similar to the funding approach used by the City of Salem.

  The subcommittee also acknowledged that the City was very conservative in its debt practices and could afford to "leverage up" slightly for some priority funding issues. Another concern voiced by the subcommittee members was that only property owners would be responsible for paying for this funding, and not necessarily all users of the transportation system. Several subcommittee members expressed doubt as to whether G.O. bonds represented a stable, long-term funding source. The opinion was also expressed that the tax levy mechanism did not lend itself well to funding what essentially is a utility need. The subcommittee continued to examine this alternative, though the December survey showed that this alternative was rated as having a low likelihood of being political feasible.

  The subcommittee agreed that, regardless of the solution recommended, the Council would have a major task in educating the community about the importance of the need for street improvements. While this option was one of three that made it to the final stages of discussion for a potential funding package, it was the ultimate conclusion of the subcommittee that the City should not resort to G.O. bonds to resolve its transportation funding needs. The six subcommittee respondents assigned a low likelihood of political supportability to this revenue alternative.

- **Local Option Property Tax Levy (LOL)**
  The subcommittee reiterated concern that, as with G.O. bonds, the City might find it difficult to

generate voter support for this option, given the competition for other levy-funded needs, such as the Library operating levy. In fact, many of the same concerns were raised around this potential funding option as for a G.O. bond levy. As with the G.O. bond option, doubt was expressed as to whether an LOL fits the criteria as a stable, long-term funding source. Five of six respondents assigned a low likelihood of political feasibility to the LOL alternative.

Excise Taxes

- **Business Tax on Fuel Distribution (Outside City Limits)**
  At the request of the subcommittee, this option was identified for further staff analysis. The main question to be explored was whether or not the City can legally impose a tax on motor vehicle fuel distributors for sales of motor vehicle fuel to customers located outside the legal city limits. Legal counsel's opinion was that, although the City can tax sales of fuel that occur inside its limits, it cannot tax sales that occur outside its limits. Given that the City's authority to tax is confined within its territorial boundaries, the subcommittee saw essentially no distinction between this and a local option motor fuel tax, which is discussed in the next section.

- **Local Option Motor Vehicle Fuel Tax**
  Subcommittee members suggested that a two-to-three cent motor vehicle fuel tax (gas tax) could be a viable second funding source along with a transportation utility fee. It was noted that, if one of the goals is to assess the cost of the system to system users, then an argument in support of the gas tax is that it would be assessed at the point of purchase on those who choose to drive.

  Members debated whether the revenues from a gas tax could potentially be undermined by market flight. Member Howie Bonnett conducted a survey of local gas prices and found a several-cent difference in retail gasoline prices in a limited geographic section of town--indicating that a two-to-three cent gas tax would probably not have much impact on consumer choices around gas purchases. Members agreed with this conclusion. On multiple occasions, members discussed the desirability of coordinating with Springfield with regard to that city's consideration of and deliberations around a motor vehicle fuel tax. Members noted that the last time the council had considered the option of a gas tax was in 1995, during discussions related to stormwater funding and associated impacts of the transportation system on stormwater quality. Concern was expressed by the subcommittee that the Legislature might take another run at a statewide gas tax increase. A *Summary of Oregon Local Motor Vehicle Fuel Taxes* is included in this report as Appendix K. **In early polls of members, the TUF and the motor vehicle fuel tax were the only options which received majority support.**

- **Parking Tax**
  While the parking tax was viewed by the subcommittee as having some potential in promoting City land use goals, it was noted that previous attempts by the City to change development choices and driver behavior through parking policy were not successful. It was noted that parking spaces are not as directly tied to the use of the transportation system as would be a transportation utility fee based on trip rates. For example, a manufacturing use may have the same numbers of spaces as a retail use but a much lower trip rate and, therefore, a lower use of the transportation system. The December survey showed that the parking tax alternative was seen as having a low likelihood of being financially feasible and an even lower likelihood of being politically acceptable to the community. In December, members' surveys indicated by a 5:2 margin that the idea should be dropped, and staff was directed to do no further analysis on this revenue option.

- **Carbon-based Fuel Tax**
  While both this and the Parking Tax funding option generated some discussion by the subcommittee, the opinion was expressed that it might be more appropriate for the council to address the feasibility and appropriateness of either a carbon-based fuel tax or the parking tax, rather than for the subcommittee to do so. Proponents for the carbon tax voiced support on the basis that this is one of the few options that most directly targets the users of the transportation system. It was also pointed out, however, that unless the City were willing to apply the carbon-based tax to heating fuels, there would be very little distinction between it and a motor vehicle fuel tax. Ultimately, no direction was given for further analysis of this option. A majority of members felt that the carbon-based fuel tax was not very financially feasible nor politically supportable and indicated by a 5:2 margin that it should not be explored further. The alternative was dropped at that point.

- **Motor Vehicle Excise Tax**
- **Vehicle Registration Fees**
  Both of these revenue options generated little interest by the subcommittee. The primary concern voiced around the vehicle registration fee was that, by State law, the City would be reliant on Lane County to levy the fee. Additionally, neither of these options were perceived to address the issue of out-of-city residents who use Eugene's transportation system. Neither alternative was seen as politically feasible. Survey results showed subcommittee opposition to further work on the motor vehicle excise tax by a 6:1 margin, and opposition by a 5:2 count to further consideration of the vehicle registration fee.

User/Utility Fees

- **Transportation Utility Fee**
  Subcommittee members indicated early interest in this option. Some members were particularly interested if the focus of the utility fee was on preservation and reconstruction rather than primarily for "extras," such as street trees and traffic calming. Members expressed support for the fact that the fee would assess revenue for people who were driving in from out of town for work or to do business. There was also specific support for the idea of maintaining the transportation system through the cost of driving a car. The fact that users of all property, including the University of Oregon and other tax-exempt property, will contribute their share under a TUF was also identified as an attractive feature of the TUF.

  The subcommittee recommended not using "ELF" (Eugene Livability Fee) or other "cute" names for this fee, arguing instead for a simple descriptor of " transportation utility fee." In the December survey, members gave the transportation utility fee a high likelihood of being consistent with goals of diversifying revenue sources, being legally defensible and financially feasible. Members assigned a low rating for political supportability. Nevertheless, by a 6:1 count, members chose to pursue discussions on the TUF. A *Summary of Oregon Transportation Utility Fees* is included in this report as Appendix L. **In early polls of members, the TUF and the motor vehicle fuel tax were the only options which received majority support.**

  Members said it would be helpful to illustrate some of the initial projects that would be funded by the utility fee so citizens would be able to see what services the fee would provide. Members also noted that, based on initial yield estimates, this revenue option on its own could potentially solve the City's transportation funding shortfall. Some members expressed concern that the fee was, or might be perceived as, regressive. Other members opined that it was not regressive but, instead, was a true user fee based on the estimated use of the transportation system. It was also

pointed out that the fee could be structured to reduce somewhat any perceived regressiveness. The point was also made that the community may accept use of TUF revenues for transportation system operational needs because the TUF is a utility fee based on use of the system, and operation and maintenance of the existing system are clearly necessary. Community acceptance of the fairness of other utility fees was noted in discussions.

Over the course of several meetings, the subcommittee discussed the basis for and possible implementation of a transportation utility fee. As discussed, a simple Eugene TUF would be based on the actual use made of property. Property use categories would be the same or very similar to the categories used in the City's Transportation SDC methodology. Each property use category would be assigned a trip generation rate, using the Institute of Transportation Engineers' *Trip Generation Manual.* For non-residential property uses, this trip generation rate is usually expressed as a number of trips per 1,000 square feet, or an equivalent unit of measure. The trip rate would be multiplied by the number of units, and that product would be multiplied by the fee per trip to generate the utility fee for a particular property. Residential rates would be per dwelling unit. TUF revenue would be used for operation, maintenance and preservation, not capacity related projects.

- **Street Improvement Fee**
  The focus of this option was directed towards addressing the unimproved transportation network. The concept was to establish a fee that all owners adjacent to unimproved streets would pay for a period of time (ten years), with the funds to be used to improve streets in a priority order during a specified period of time. The subcommittee was informed that the Council Subcommittee on Street Improvement Financing had explored this concept, which was subsequently presented to the council as part of that subcommittee's report. Council concluded that the approach was one they did not wish to pursue. Since this funding option does not address the preservation and maintenance needs of the transportation system and the council has not chosen to pursue this option, the subcommittee discontinued any further review of this alternative. The December survey showed that this option was medium to low in the area of financially feasibility. The subcommittee indicated its opposition to this alternative by a 5:2 count.

- **Municipal Sticker Fee (Local Vehicle Public Parking Permit)**
  This idea, introduced by a subcommittee member based on practice in other municipalities, was a proposal to have a municipal "sticker" attached to a vehicle that would give the owner the privilege of parking in areas associated with city facilities, such as the Library parking lot. Staff analysis of two sample cities showed that alternative was more like a city vehicle registration requirement, which is not permitted under Oregon state law, rather than an optional parking sticker program.

- **Tolls**
  This funding source generated very little discussion from the subcommittee. While some members liked the idea of capturing toll money from commuters driving in from outside the city, there was a sense that the mechanism would be too much of a stretch in terms of public opinion at this time. This alternative received lower ratings in the subcommittee survey and no recommendation for further staff analysis.

- **Fees to Compensate for Dedicated Use of Traffic Lanes for Transit Purposes**
  This potential funding source also generated little discussion from the subcommittee. The dedicated lane fee was viewed as somewhat contrary to the City's goal of supporting transit. It also received lower ratings in the subcommittee survey and no recommendation for further staff analysis.

- **Employer Payroll Tax**
  This general municipal revenue source received little discussion from the subcommittee, and staff received no direction for further analysis of this option.