



Memorandum

Date: March 2, 2016
To: Railroad Quiet Zone Citizen Advisory Panel
From: Mark Schoening, P.E., City Engineer
Subject: Railroad Quiet Zone – Potential Funding Sources for Implementation

An outline of the potential funding sources that may be used to fund the capital improvements to implement a railroad quiet zone is shown on Attachment A. The document includes a description of each funding source and the impacts to existing city services if funds from a particular source are reprioritized to implement a railroad quiet zone.

Below are three straw funding proposals for consideration by the Citizen Panel. The straw proposals assume a particular safety measure at each of the 10 crossings, even though the Citizen Panel has not yet reached a final recommendation for each crossing.

Straw Proposal #1

- Fund the entire Railroad Quiet Zone implementation through a general obligation bond at an estimated cost of \$6,485,000.

Straw Proposal #2

- Fund the railroad quiet zone improvements at Pearl Street, High Street and Hilyard Street/8th Avenue through Riverfront Urban Renewal District funds at an estimated cost of \$3,105,000.
- Fund the remaining seven crossings through a general obligation bond at an estimated cost of \$3,380,000.

Straw Proposal #3

- Fund the railroad quiet zone improvements at Pearl Street, High Street and Hilyard Street/8th Avenue through Riverfront Urban Renewal District funds at an estimated cost of \$3,105,000.
- Fund the closure of one crossing through an ODOT Rail or UPRR grant at an estimated cost of \$100,000.
- For the remaining six crossings:
 - Fund improvements within the street right-of-way with local gas tax funds at an estimated cost of \$642,500.
 - Fund improvements within the railroad right-of-way with General Fund Capital funds at an estimated cost of \$2,187,500.
 - Fund pedestrian improvements with 2012 Street Repair Bond Measure – Bicycle and Pedestrian Component funds at an estimated cost of \$450,000.

Attachment

Railroad Quiet Zone Implementation Potential Funding Sources

General Fund

Description - The General Fund is the largest fund used to account for discretionary expenditures and revenues. The fund is flexible and relies upon stable revenue sources, primarily property taxes. Use of General Funds is at the annual discretion of the City Council.

Impacts to Existing Services - Public safety represents 55% of total General Fund spending, followed by culture and leisure, central business functions, and infrastructure and planning. While the fund has stabilized post - recession, there are still insufficient resources to sustainably fund existing services.

Street Repair Bond Measure Add On (General Obligation Bond)

Description - A general obligation bond is a debt instrument that allows the City to raise additional revenues for specific purposes by getting voter approval to raise property taxes to repay principal and interest on debt. This is a familiar funding mechanism that would require voter approval of new taxes. Bond issuance costs for an addition to the street repair bond measure would range from about 1% to 1.5% of the additional project amount.

Impacts to Existing Services - The City has passed two consecutive GO bond measures (2008 and 2012) to fix streets and is on track for a third bond measure in the fall of 2017. The Street Repair Review Panel (SRRP), a citizen advisory group, reviews the annual bond measure expenditures and advises staff on future bond measures. The SRRP strongly believes the success of the bond measure is attributed to its almost singular focus on repairing streets and does not support including additional capital projects such as the railroad quiet zone safety measures in the next bond measure.

Railroad Quiet Zone Bond Measure (General Obligation Bond)

Description - A general obligation bond is a debt instrument that allows the City to raise additional revenues for specific purposes by getting voter approval to raise property taxes to repay principal and interest on debt. This is a familiar funding mechanism that would require voter approval of new taxes. For a bond measure ranging from \$5 million to \$10 million the bond issuance costs would range from \$100,000 to \$200,000.

Impacts to Existing Services - This would be a new revenue source and would not impact existing services. However, consideration should be given to coordinating other tax increase requests for capital bond projects (streets, parks) or operating levies.

Community Development Block Grant Funds

Description - The Eugene-Springfield 2015 Consolidated Plan presents a strategic vision for housing and community development for the period beginning in July 2015 and ending in June 2020. The priority needs and goals outlined are based on an analysis of community needs and an extensive community outreach process.

The cities of Eugene and Springfield must complete and adopt a Consolidated Plan every five years to receive Community Development Block Grant (CDBG), HOME Investment Partnership Program (HOME), and other HUD grants. The purpose of CDBG and HOME is to advance the following statutory objectives principally for extremely low-income, low-income, and moderate-income residents.

One of the six priority needs identified is - Low-Income Areas & Areas of Slums and Blight - Geographic areas defined as areas of slums and blight or as low-income areas need additional support for rehabilitation and public facility improvements. One of the strategies to address this priority need is - Make strategic investments to improve low income neighborhoods and other areas of slums and blight. The entirety of the railroad quiet zone is within CDBG eligible neighborhoods. The City of Eugene's Fiscal Year 2016 CDBG Entitlement Grant was \$1,236,946.

Attachment A

Impacts to Existing Services – The CDBG Advisory Committee recommends proposed uses of CDBG funds to address the six priority needs through an annual Action Plan adopted by the City Council. CDBG funds are the primary source of funds used to address the community's affordable housing needs and services that benefit low-income residents. Despite the growing needs in the community, the annual CDBG allocation has remained flat and the ability to address affordable housing and social service needs in the community are not being fully met. Funding a portion of the railroad quiet zone capital improvements would only exacerbate the funding gap.

Local Improvement District

Description – Railroad quiet zone improvements could be funded by assessments to benefitting properties. The boundary of a local improvement district may be based upon sound intensity and the apportionment of costs may be based upon land use. Chapter 7 of the Eugene Code provides the regulatory framework for establishing local improvement districts. The City of Eugene used this method of funding for the sound walls on the north side of I-105 and the City of Vancouver used this method of funding to implement its railroad quiet zone.

Impacts to Existing Services – There would not be a significant impact to existing services since most of the funding would come from assessments to benefitting properties (in some cases the City picks up a share of improvement costs).

Riverfront Urban Renewal District

Description – The Fiscal Year 2016 Budget includes approximately \$9,400,000 in available funds that can be used for capital projects included in the Riverfront Urban Renewal District (RURD) Plan. The maximum indebtedness or spending cap over the life of the RURD is \$34,800,000. A portion of the spending capacity has already been committed leaving approximately \$25 - \$30 million for additional projects over the life of the RURD. The relocation of the railroad crossing at Hilyard Street/8th Avenue is identified in the plan. The railroad crossings at High Street and Pearl Street could be added to the RURD plan with a minor amendment.

Impacts to Existing Services – Funding of quiet zone safety improvements at Hilyard Street/8th Avenue, High Street and Pearl Street are within the financial capacity of the Riverfront Urban Renewal District.

General Fund Capital Reprioritization

Description – The 2016-2017 Capital Improvement Program (CIP) includes \$23.3 million in general fund capital improvements over six years. The CIP is updated every two years and will next be updated in 2017. The railroad quiet zone could be prioritized over other (primarily city buildings and parks) capital needs.

Impacts to Existing Services – In the 2016-2017 CIP the general capital funds are allocated as shown below:

- Park and Open Space - \$2.127 M
- Building Services Systems - \$5.372 M
- Health, Safety & Welfare - \$3.705 M
- Primary Building Systems - \$7.413 M
- Secondary Building Systems - \$1.699 M
- ADA Renovations - \$0.920 M
- General Site & Facility - \$1.878 M

All of these program areas are focused on the rehabilitation of existing parks and public buildings and the program areas are currently underfunded and not sufficient to meet the rehabilitation needs of the City's parks and public buildings. Using these funds for the railroad quiet zone would mean there would be fewer dollars available for other high-priority capital repair and preservation projects.

Attachment A

Transportation System Development Charge Reimbursement Fee

Description – The reimbursement fee component of the transportation system development charge (SDC) may be spent on capital improvements to the City’s transportation system. Annual transportation SDC reimbursement revenue is approximately \$300,000. A Council resolution directed staff to prioritize the use of these funds for pavement preservation of the City’s arterial and collector street system.

Impacts to Existing Services – These funds have been used on pavement preservation projects for the past 14 years. The strategy for funding of the pavement preservation program includes using multiple sources of funds. The current pavement preservation backlog is \$79 million, and the council has indicated an interest in continuing to reduce the backlog.

Local Gas Tax

Description – In August 2003, the City of Eugene implemented a local motor vehicle fuel tax that currently is 5 cents per gallon. Annual revenues from the local gas tax are approximately \$3 million. The revenues from the local gas tax are dedicated to the reconstruction, repair, maintenance, operation and preservation of city-owned roads and streets. The gas tax ordinance stipulates that no revenue shall be used for capacity-enhancing street improvements. The Oregon state constitution limits the use of gas tax revenue to the public right of way.

Elements of the railroad quiet zone safety measures (medians, curbs, etc.) located in the street right of way are eligible for gas tax revenues.

Impacts to Existing Services - The revenues raised from the local fuel tax have been limited to capital preservation projects. The strategy for funding of the pavement preservation program includes using multiple sources of funds. The current pavement preservation backlog is \$79 million. This represents a continued decline in the backlog from a peak of \$173 million in 2007.

Federal Surface Transportation-Urban (STP-U) Funds

Description – The Central Lane Metropolitan Planning Organization (MPO) receives federal transportation funds through the Federal Surface Transportation Program Urban (STP-U) funds. STP-U funds are allocated and programmed for eligible projects at the discretion of the MPO, following federal guidelines. These federal funds must be matched with local funds or other non-federal funds at a minimum currently set at 10.27 percent of the total funding. The MPO Policy Board has approved a process and framework for allocating the MPO’s STP-U funds. The process includes the use of a set of screening or eligibility criteria and a set of evaluation criteria and guidelines to be applied to applications for STP-U funding. The evaluation criteria and guidelines focus on four regional priorities: Preservation of Existing Transportation Assets; Preservation or Enhancement of Transit Service; Safety Improvements; and Reducing Greenhouse Gas Emissions. Only streets functionally classified as arterials and collectors are eligible for STP-U funds. This would include High Street, Pearl Street, Washington Street, Jefferson Street and Van Buren Street. The City receives approximately \$1.25 million in STP-U funds on average annually. STP-U funds have been allocated through Fiscal Year 2018.

Impacts to Existing Services – The City has focused its applications for federal STP-U funds on the preservation and maintenance of the existing shared-use path system and arterial and collector streets. The strategy for funding of the pavement preservation program includes using multiple sources of funds. The current pavement preservation back log is \$79 million. This represents a continued decline in the backlog from a peak of \$173 million in 2007.

2012 Street Repair Bond Measure – Bicycle and Pedestrian Component

Description – The 2012 Street Repair Bond Measure allocated an annual average of \$516,000 over a period of five years to support bicycle and pedestrian projects guided by the Pedestrian and Bicycle Master Plan, City staff and the Bicycle and Pedestrian Advisory Committee (BPAC). Several of the railroad

Attachment A

crossings within the railroad quiet zone have experienced pedestrian fatalities and serious injuries. Enhanced pedestrian safety measures (pedestrian gates and signals, and relocated sidewalks) have been proposed for these railroad crossings and are eligible for funding through the bicycle and pedestrian component of the 2012 Street Repair Bond Measure.

Impacts to Existing Services – The BPAC has identified substantially more projects than can be funded by the bicycle and pedestrian component of the 2012 Street Repair Bond Measure. It is unclear how the railroad quiet zone pedestrian safety measures would rank in priority for funding.