

## DRAFT Technical Memorandum

**DATE:** November 15, 2017

**TO:** Silverton TSP Update Project Management Team

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**SUBJECT: Silverton Transportation System Plan Update  
Finance Program**

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The purpose of this memorandum is to present the transportation funding that is expected to be available through 2037, as well as the potential investments and associated costs identified in the solutions phase of the Transportation System plan (TSP) process. The funding assumptions will help prioritize the investments the City can make in the transportation system, and will be utilized to develop a set of transportation improvements that will likely be funded to meet identified needs through 2037.

### Current City Funding Sources

Three general funding sources are utilized by the City for transportation, Fees and Permits, a System Develop Charge (SDC), and the State Highway Apportionment. In addition to City-funded projects, new private development will lead some of the proposed transportation projects in Silverton.

Fees and Permits include inspection fees, plan review fees, and permits for driveways and sidewalks. State funds through the State Highway Apportionment come from state motor vehicle fuel tax, vehicle registration fees, and truck weight-mile fees, and are distributed on a per capita basis. Cities and counties receive a share of State Highway Trust Fund monies. By statute, the money may be used for any road-related purpose, including walking, biking, bridge, street, signal, and safety improvements.

The state gas tax funds have previously failed to keep up with cost increases and inflation. With increased fuel efficiency of vehicles and the State's emphasis on reducing vehicle miles traveled, the real revenue collected has gradually eroded over time. The gas tax in Oregon increased on January 1, 2011 by six cents, to 30 cents per gallon. This was the first increase in the state gas tax since 1993.

**Revenue:** Current revenue sources are expected to provide about \$25 million through 2037. Over the past five years, Silverton averaged \$226,000 in Fees and Permits, \$545,000 in State

Highway Fund shared revenue, and \$296,000 in SDCs per year. As a conservative estimate,<sup>1</sup> the same levels (\$226,000 and \$545,000) were assumed for Fees/Permits and State Highway Fund revenue in the future. Forecast estimated SDC revenue was based, instead, on the current rate per PM peak hour used in the City's SDC methodology (about \$4,000 per trip end) and the number of new PM peak trip ends in the city expected over the planning period (about 1,800 trips). This calculation yields an estimate of \$7,200,000 over the planning horizon.

**Expenditures:** Current expenditures are expected to be around \$10 million through 2037, based on revenue and expenditures over the past five years. Over the past five years, the City averaged about \$170,000 in personnel costs, \$100,000 in materials and services, \$250,000 in capital costs related to operations and maintenance, and \$260,000 in transfers (ongoing debt service).

Revenue and expenditures are summarized in Table 1.

### **ODOT Highway Safety Improvement Program (HSIP) Funding**

Due to the availability of HSIP funding and direction from the Federal Highway Administration to address safety challenges on all public roads, ODOT will increase the amount of funding available for safety projects on local roads. Safety funding will be distributed to each ODOT region, which will collaborate with local governments to select projects that can reduce fatalities and serious injuries, regardless of whether they lie on a local road or a state highway.

Projects will be built into the 2017-2021 STIP timeframe. Funding for local roads will be allocated to primarily focus on a few systemic low cost fixes that can be implemented in the shorter timeframe<sup>2</sup>. It is expected that ODOT will allocate about \$2.2 million for improvements in Silverton over the planning horizon.

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<sup>1</sup> The population growth rate in Silverton was assumed to be roughly the same as the cost inflation rate, therefore, existing revenues were maintained through 2037.

<sup>2</sup> ODOT All Roads Transportation Safety Program

**Summary of Funds for Transportation Improvements:** About \$8 million in City funds and \$2.2 million in additional ODOT HSIP funds are expected to be available for street improvement needs after accounting for estimated expenditures through 2037. These funds can potentially be spent on transportation improvement needs.

**Table 1: Silverton Transportation Funding (2017 Dollars)**

Revenue Source	Average Annual Amount	Estimated Amount Through 2037
State Highway Apportionment	\$545,000	\$10,900,000
System Development Charges <sup>1</sup>	\$297,000	\$7,200,000
Fees and Permits	\$226,000	\$4,520,000
Miscellaneous Revenue	\$114,000	\$2,290,000
<b>Total Revenues (5-year average)</b>	<b>\$1,182,000</b>	<b>\$24,910,000</b>
Expenditures	Average Annual Amount	Estimated Amount Through 2035
Personnel Services	\$172,000	\$3,440,000
Materials and Services	\$102,000	\$2,040,000
Capital Operations/Maintenance	\$248,000	\$4,960,000
Transfers	\$263,000	\$5,260,000
<b>Total Expenditures (5-year average)</b>	<b>\$785,000</b>	<b>\$15,700,000</b>
<b>Revenue Over Expenditures</b>	<b>\$397,000</b>	<b>\$9,210,000</b>
ODOT Funding		\$2,200,000
<b>Total Estimated Funding</b>		<b>\$11,410,000</b>

<sup>1</sup> Estimated SDCs were based on forecast future trip-ends rather than historical averages

## Project Investments

Taking the network approach to transportation system improvements, the projects in this plan fall within one of several categories:

- **Motor Vehicle** projects to improve connectivity, safety and capacity throughout the City. Silverton identified 24 driving projects that will cost an estimated \$23.3 million to complete.
- **Pedestrian** projects for sidewalk infill and crossing enhancements, providing seamless connections for pedestrians on major routes throughout the City. Sidewalk infill on local roads will be addressed through city code changes and these projects are expected to be financed by developers or property owners. Silverton identified 58 walking projects on collector roadways that will cost an estimated \$13.5 million to complete.
- **Biking** projects including an integrated network of bicycle lanes and shared roadways to facilitate convenient travel citywide. Silverton identified 35 biking projects that will cost an estimated \$32.5 million to complete.
- **Shared-Use Path** projects providing local off-street travel for walkers and cyclists. The citywide shared-use path vision includes 26 projects totaling an estimated \$8.3 million.
- **Transit** projects to enhance the quality and convenience for passengers. Silverton identified five transit projects totaling an estimated \$750,000.

Overall, Silverton identified 156 individual transportation solutions and a downtown connectivity solution, totaling an estimated \$78 million worth of investments. Some of the projects identified in the TSP may be funded through other sources and led by development or funding partners such as Marion County or ODOT. Based on current funding levels, the City is expected to have funding shortfall of approximately \$67 million to fund the projects included in the TSP. The City may wish to consider expanding its funding options in order to provide a reasonable funding strategy so improvements can be constructed in a timely manner. Potential additional funding sources are included in the next section.

## Potential Additional Funding Sources

Transportation funding options include local taxes, assessments and charges, and state and federal appropriations, grants, and loans. All of these resources can be constrained based on a variety of factors, including the willingness of local leadership and the electorate to burden citizens and businesses; the availability of local funds to be dedicated or diverted to transportation issues from other competing City programs; and the availability of state and federal funds. Nonetheless, it is important for the City to consider all opportunities for providing, or enhancing, funding for the transportation improvements included in the TSP.

The following sources have been used by cities to fund the capital and maintenance aspects of their transportation programs. There may be means to begin to or further utilize these sources, as described below, to address existing or new needs identified in the TSP.

### Transportation Utility Fee

A transportation utility fee is a recurring monthly charge that is paid by all residences and businesses within the City. The fee can be based on the number of trips a particular land use generates or as a flat fee per unit. It can be collected through the City's regular utility billing. Existing law places no express restrictions on the use of transportation utility fee funds, other than the restrictions that normally apply to the use of government funds.<sup>3</sup> Some cities utilize the revenue for any transportation related project, including construction, improvements and repairs. However, many cities choose to place self-imposed restrictions or parameters on the use of the funds.

Assuming a flat fee of \$10.00 per month per water meter for both residential and commercial uses in the City (similar to the fee charged in Bay City, Oregon), the City could collect approximately an additional \$15 million for transportation related expenses through 2037.

### Local Fuel Tax

Fifteen cities and two counties in Oregon have adopted local gas taxes ranging from one to five cents per gallon. The City may want to consider instituting a local gas tax, allowing the costs for the transportation improvements in the City to be shared by non-residents. This can be particularly beneficial to Silverton, where the local transportation system is often used by visitors to the Oregon Garden and Silver Falls State Park. A 2-cent per gallon tax, such as that used in Dundee, could bring in around \$10,000 a month in revenue, or around \$2.4 million over the 20-year planning period.

### Safe Routes to School

The Oregon Safe Routes to School (SRTS) Program has money allocated for projects at schools that were defined through the SRTS school audits done as part of the TSP update. Potential grant funds are distributed as a reimbursement program through an open and competitive

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<sup>3</sup> Implementing Transportation Utility Fees, League of Oregon Cities

process. Funding is available through this program for pedestrian and bicycle infrastructure projects within two miles of schools. These funds should be pursued to implement key pedestrian and bicycle projects identified through the SRTS process.

### **House Bill 2017 and Additional ODOT Funding**

Recent developments have changed the outlook for state funding over the planning horizon. House Bill 2017 introduced or increased several taxes and fees such as the state gas tax and vehicle registration fees. It directs significant new revenue to earmarked projects, but may also result in additional funding to some local jurisdictions.

In addition, ODOT has modified the process for selecting projects that receive STIP funding. The new process follows the All Roads Transportation Safety Program (ARTS), meaning local agencies can receive funding for projects off the state system. Preferred projects are expected to be those that enhance system connectivity and improve multi-modal travel options. With the updated TSP, the City will be well positioned to apply for STIP funding.

### **General Fund Revenues**

At the discretion of the City Council, the City can allocate General Fund revenues to pay for its Transportation program (General Fund revenues primarily include property taxes, use taxes, and any other miscellaneous taxes and fees imposed by the City). This allocation is completed as a part of the City's annual budget process, but the funding potential of this approach is constrained by competing community priorities set by the City Council. General Fund resources can fund any aspect of the program, from capital improvements to operations, maintenance, and administration. Additional revenues available from this source are only available to the extent that either General Fund revenues are increased or City Council directs and diverts funding from other City programs.

### **Urban Renewal District**

An Urban Renewal District (URD) would be a tax-funded district within the City. The URD would be funded with the incremental increases in property taxes that result from construction of applicable improvements. This type of tax increment financing has been used in Oregon since 1960. Use of the funding includes, but is not limited to, transportation. Improvements are funded by the incremental taxes, rather than fees.

### **Local Improvement Districts**

Local Improvement Districts (LIDs) can be formed to fund capital transportation projects. LIDs provide a means for funding specific improvements that benefit a specific group of property owners. LIDs require owner/voter approval and a specific project definition. Assessments are placed against benefiting properties to pay for improvements. LIDs can be matched against other funds where a project has system wide benefit beyond benefiting the adjacent properties. LIDs are often used for sidewalks and pedestrian amenities that provide local benefit to residents along the subject street.

## Debt Financing

While not a direct funding source, debt financing can be used to mitigate the immediate impacts of significant capital improvement projects and spread costs over the useful life of a project. This has been successful recently in Oregon communities such as Bend and McMinnville, where general obligation (GO) bond measures were passed. Key to the measures' success was that the increased property taxes were earmarked toward a defined set of projects with strong public support.

Though interest costs are incurred, the use of debt financing can serve not only as a practical means of funding major improvements, but is also viewed as an equitable funding strategy, spreading the burden of repayment over existing and future customers who will benefit from the projects. The obvious caution in relying on debt service is that a funding source must still be identified to fulfill annual repayment obligations.

## Developing the Plan

Silverton must make investment decisions to develop a set of transportation improvements that will likely be funded to meet identified needs through 2037. The City is expected to have approximately \$11 million to cover project costs identified for the highest priority projects. Unless the City expands its funding options, most of the transportation solutions identified for the City are not reasonably likely to be funded through 2037. For this reason, the transportation solutions will be split into three categories. Those reasonably expected to be funded by 2037 were included in the Likely Funded Transportation System, those that may be funded if additional funding sources are identified are included in the Possibly Funded Transportation System, and the projects that are not expected to be funded by 2037 were included in the Aspirational Transportation System.

### Likely Funded Transportation System

The Likely Funded Plan identifies the transportation solutions reasonably expected to be funded by 2037 and have the highest priority for implementation. Using the nine goals (see Technical Memorandum #3- Goals, Objectives and Evaluation Criteria), the transportation solutions were evaluated and compared to one another. Greater value was placed on the projects stakeholders felt were most important to the community. About \$11 million worth of investments, shown in Table 2, are included in the Likely Funded Transportation System.

**Table 2: Likely Funded Projects**

Project No.	Description	Start	End	Total (\$1000)
MV-02	Install a Roundabout or Traffic Signal	1st Street (OR 214)	Hobart Road	\$330
MV-06	Install a Traffic Signal	Main Street	McClaine Street	\$790
MV-09	Disconnect Fossholm Road from McClaine Street, extend Industrial Way to Monson Road, and apply traffic calming strategies on Brook Street	McClaine Street	Fossholm Road	\$660
MV-05	Install a Roundabout	Westfield Street	Main Street	\$330
MV-12	Install a Traffic Signal and add Southbound Right Turn Lane	Main Street	Water Street (OR 214)	\$660
MV-13	Install a Traffic Signal and add Eastbound Left Turn Lane	Main Street	1st Street (OR 214)	\$660
MV-14	Install a Traffic Signal	Oak Street (OR 213)	Water Street (OR 214)	\$330
MV-19	Install a Traffic Signal	Oak Street (OR 213)	1st Street (OR 214)	\$330
MV-01	Install a Roundabout or Traffic Signal	James Street	Pine Street	\$330
MV-03	Install a Roundabout or Traffic Signal	1st Street (OR 214)	Jefferson Street	\$330
MV-20	Install a Roundabout, Landscaped Median, or other Calming/Gateway Treatment	Highway 213	Steelhammer Road	\$330

Project No.	Description	Start	End	Total (\$1000)
MV-21	Install a Roundabout, Landscaped Median, or other Calming/Gateway Treatment	Pioneer Drive	Evans Valley Road	\$330
MV-22	Install a Roundabout, Landscaped Median, or other Calming/Gateway Treatment	Highway 213	Monitor Road	\$330
MV-23	Install a Roundabout, Landscaped Median, or other Calming/Gateway Treatment	Highway 214	Pioneer Drive	\$330
MV-10	Add Southbound Right Turn Lane, Prohibit Southbound Left Turn	McClaine Street	C Street	\$330
MV-08	Improve Sight Distance and Crossing Safety	Oak Street (OR 213)	Mill Street	\$10
MV-11	Close East Leg of Intersection	1st Street (OR 214)	C Street	\$10
BP-34	Bicycle Boulevard with Traffic Calming on 2 <sup>nd</sup> Street and Diverters at B Street	Jefferson Street	Jersey Street	\$1050
EC-08	Pedestrian Crossing Enhancements and Sidewalk Connections	1st Street (OR 214)/ Jefferson Street		\$50
SW-28	Sidewalk Infill on Western Avenue	Grant Street	James Street	\$50
SW-30	Sidewalk Infill and Bike Lanes on James Street	Jefferson Street	C Street	\$2,200
EC-24	Install Street Lighting	Western Avenue (entire segment)		\$90
EC-10	Pedestrian Crossing Enhancements (RRFB)	James Street/C Street		\$50
EC-11	Pedestrian Crossing Enhancements	Oak Street (OR 213)/ Church Street		\$20
SW-04	Sidewalk Infill on Main Street	3rd Street	Steelhammer Road	\$750
EC-18	Install Curb Ramps for Existing Crosswalk	Brown Street/Schlador Street		\$10
SW-11	Sidewalk Infill on Jefferson Street	Mill Street	James Street	\$280
EC-21	Install Crosswalk	East Leg of Mill Street/Robinson Street		\$10
EC-22	Install Crosswalk	South Leg of Western Avenue/Grant Street		\$10
SW-31	Sidewalk Infill and Repair on Robinson Street	Mill Street	Mark Twain Elementary	\$20
SW-33	Sidewalk Infill on Bartlett Street, Norway Street	Church Street	Oak Street (OR 213)	\$40
			<b>TOTAL</b>	<b>\$11,100</b>

\* Denotes projects that will require coordination with ODOT or Marion County.

### Possibly Funded Transportation System

The Possibly Funded Plan identifies additional transportation solutions that could be funded if the City develops new revenue sources. The assumed possible new sources are summarized in Table 3:

**Table 3: Potential New Funding Sources**

Potential Revenue Source	Estimated Amount Through 2037
Transportation Utility Fee	\$15,000,000
Local Gas Tax	\$2,400,000
<b>Total New Revenue</b>	<b>\$17,400,000</b>

Using these potential new funding sources, the additional projects in Table 4 could be funded. More projects could be funded through other sources, such as development, state or federal funding, urban renewal districts, local improvement districts, and reallocating general fund and lodging tax revenues to transportation projects. The Possibly Funded Transportation System includes about \$17 million in transportation investments.

**Table 4: Possibly Funded Projects**

Project No.	Description	Start	End	Total (\$1000)
MV-15	Westside North-South Connector #2	Silverton Road	Main Street	\$5,950
SW-03	Sidewalk Infill on South Water Street (OR 214)	Peach Street	City limits	\$1,250
EC-19	Install Curb Ramps for Existing Crosswalk	NW Corner of Mill Street/Robinson Street		\$10
EC-20	Install Curb Ramps for Existing Crosswalk	NW and SE Corners of Robinson Street/Church Street		\$10
EC-23	Install Crossing Warning Signs and Pavement Markings	Grant Street/Florida Street		\$10
SW-05	Sidewalk Infill on C Street	McClaine Street	James Street	\$210
SW-10	Sidewalk Infill on 1st Street (OR 214)	Hobart Street	Existing section	\$640
SW-17	Sidewalk Infill on Steelhammer Road	Oak Street (OR 213)	City limits	\$500
SW-18	Sidewalk Infill on Keene Avenue	Eureka Avenue	Coolidge Street	\$420
SW-21	Sidewalk Infill on 2nd Street	Whittier Street	Hobart Street	\$640
SW-01	Sidewalk Infill on Oak Street (OR 213)	Steelhammer Rd	City limits	\$480
SW-29	Sidewalk Infill on Brown Street	Water Street	480' North of Water Street	\$20
SW-32	Sidewalk Infill on Church Street	Bartlett St	North to Dead End	\$10
SW-34	Sidewalk Infill on Grant Street	Western Avenue	High School	\$20

Project No.	Description	Start	End	Total (\$1000)
			Driveway	
EC-01	Pedestrian Crossing Enhancements	South leg of Water Street (OR 214)/ Park Street		\$20
EC-02	Pedestrian Crossing Enhancements	South leg of Water Street (OR 214)/ High Street		\$20
EC-03	Pedestrian Crossing Enhancements	North/South legs of 1st Street (OR 214)/ B Street		\$30
EC-04	Pedestrian Crossing Enhancements	North leg of 1st Street (OR 214)/ A Street		\$20
EC-05	Pedestrian Crossing Enhancements	North leg of Water Street (OR 214)/ A Street		\$20
EC-06	Pedestrian Crossing Enhancements	1st Street (OR 214)/ Bow Tie Lane		\$20
EC-07	Pedestrian Crossing Enhancements	Water Street (OR 214)/Wesley Street		\$20
EC-09	Pedestrian Crossing Enhancements and Sight Distance Improvements	Oak Street (OR 213)/Mill Street		\$30
EC-12	Pedestrian Crossing Enhancements	S Water Street (OR 214)/Adams		\$20
EC-13	Pedestrian Crossing Enhancements	S Water Street (OR 214)/Peach		\$20
EC-14	Close Crosswalk	West Leg of 1st Street (OR 214)/ Lewis Street		\$10
EC-15	Install Median Refuge Island to Reduce Crossing Distance	Water Street (OR 214)/Lewis Street		\$10
EC-16	Pedestrian Crossing Enhancements	Midblock (one side) 1st Street (OR 214) between Park Street and A Street		\$20
SW-07	Sidewalk Infill on Westfield Street	Main Street	Existing section	\$30
SW-14	Sidewalk Infill on James Street	C Street	N Water Street (OR 214)	\$70
BP-25	Bicycle Lanes on 2nd Street, Koons St	Oak Street	S Water Street (OR 214)	\$500
BP-01	Bicycle Lanes on 1st Street (OR 214)	Hobart Road	B Street	\$90
BP-04	Bicycle Lanes on South Water Street (OR 214)	Lewis Street	Pioneer Drive	\$10
BP-26	Bicycle Lanes on Church St, Kent St, Ames St, Reserve St	Robinson Street	Tillicum Street	\$730
BP-07	Bicycle Lanes on Oak Street (OR 213)	Norway Street	Steelhammer Road	\$20

Project No.	Description	Start	End	Total (\$1000)
BP-12	Bicycle Lanes on Main Street	Westfield Street	Water Street (OR 214)	\$70
BP-13	Bicycle Lanes on Oak Street (OR 213)	3rd Street	Church Street	\$260
BP-15	Bicycle Lanes on McClaine Street	C Street	Main Street	\$50
BP-16	Bicycle Lanes on James Avenue	Hobart Road	C Street	\$1,000
BP-19	Bicycle Lanes on Main Street*	3rd Street	Steelhammer Road	\$560
BP-20	Bicycle Lanes on Kromminga Dr, Western St, Jefferson St	Pine Street	Mill Street	\$1,530
BP-03	Bicycle Lanes on North Water Street	James Street	C Street	\$190
BP-02	Bicycle Lanes on Oak Street (OR 213)	Steelhammer	East City Limits	\$340
BP-06	Bicycle Lanes on Pine Street	West City Limits	James Ave	\$460
OS-09	Off-Street path #6 (2nd Street)	Hobart Road	Oak Street (OR 213)	\$180
OS-11	Off-Street path #8	Lincoln Street	east side of Webb Lake	\$190
OS-18	Off-Street Path Connection #14	Mill Street	Sage Street	\$400
TS-01	Commuter Connection to Salem			\$140
TS-04	Local Fixed Route Transit Feasibility Study			\$70
			<b>TOTAL</b>	<b>\$17,320</b>

\* Denotes projects that will require coordination with ODOT or Marion County.

### Aspirational Transportation System

The projects and actions outlined within the Likely Funded System and Possibly Funded System will significantly improve Silverton’s transportation system. If the City is able to implement a majority of the Likely Funded System and Possibly Funded System, nearly two decades from now Silverton residents will have access to a safer, more balanced multimodal transportation network.

The Aspirational Transportation System identifies those transportation solutions that are not reasonably expected to be funded by 2037, but many of which are critically important to the transportation system. Some of the projects will require funding and resources beyond what is available in the time frame of this plan. Others are contingent upon redevelopment that makes it possible to create currently missing infrastructure, such as sidewalk connections.

The Aspirational Transportation System includes about \$50 million worth of investments.