

Introduction

The financial situation that faces the SKATS area is one of constant flux. Funding for the projects included in this Plan come from a variety of federal, state, local and private sources. These sources are tied to the local, state, and national economies and reflect how they are performing. In years where the economy is expanding, more tax revenues will flow into the government coffers, and development will push the demand for implementation of transportation solutions in the area. But this can also lead to higher costs as materials and labor are in high demand in other sectors of the economy. In years when the economy is contracting, less tax and development related revenues are collected by government as people curtail their driving and purchasing of homes, resulting in less funds available for transportation projects.

In August 2005, SAFETEA-LU (Safe Accountable Fair Equitable Transportation Efficiency Act – A Legacy for Users) was passed following two years of continuing resolutions that extended the funding as specified in TEA-21, the previous transportation authorization bill. SAFETEA-LU provides a five-year direction of funding that will be available from the federal government.

This chapter includes updates of the revenue forecast and project costs for the Salem-Keizer-Turner area, including the sections covering the operation and maintenance of the regional network, and the situation facing the transit district.

Financial Constraint

Fiscal responsibility, as well as federal and state regulations, requires that the Plan exhibit "financial constraint." This means that prior to calling for the expenditure of resources to expand the regional transportation systems, it must be demonstrated that adequate funding is expected to be available to maintain and operate the existing transportation facilities and services. If new revenue sources are required, the Plan must present the actions to be taken to acquire the new funding. In addition to demonstrating that funding is available to adequately maintain and operate the existing transportation systems, the financial plan must also identify which Plan improvements can be implemented using current and committed revenues and funding sources, which investments would be implemented using "reasonably anticipated" resources, and which projects would require the development of new revenue sources.

Adequate Maintenance and Operation of the Existing System

The preservation of the existing transportation infrastructure is a regional priority. In order to produce a financial plan that demonstrates that the necessary resources are reasonably available to implement the improvements called for in the Plan, the responsible operating agencies (i.e., city of Salem, Salem-Keizer Transit District, etc.) must have the financial capacity to finance the maintenance, operations, and capital replacements required to preserve the existing

transportation system. Although SKATS, as the MPO for the Salem-Keizer urban area, has no direct maintenance or operation authority, its responsibilities involve the cooperative development of a financial plan indicating the ability of the various operating jurisdictions to adequately maintain, operate, and provide for the capital replacement of their existing transportation facilities.

Revenues and Funding Sources

Beyond maintenance and operation of the existing transportation systems, funding for projects identified in the Plan must be currently available, committed, or reasonably anticipated.

“Currently available funds” means those funds derived from an existing source dedicated to or historically used for transportation purposes. “Committed funds” are those included in the region's adopted Transportation Improvement Program (TIP) or are specifically identified in local Capital Improvement Programs (CIPs) or other programming documents such as bond issue descriptions.

Funding for improvements identified in the RTSP may also be shown to be "reasonably anticipated" if they are not currently available or committed but a successful past experience with obtaining this type of funding (e.g., success in obtaining legislative and/or voter approval for new bond issues, tax increases, special appropriations, etc.) can be demonstrated. New funding sources that may require some steps (legal, executive, legislative, voter approval, etc.) before a jurisdiction, agency, or private party can commit such revenues to transportation projects can also be considered as appropriate to offset the cost of Plan improvements. However, the financial plan must identify the steps that will be taken to ensure the availability of these funding sources within the timeframe shown in the plan, such as how the support of the public, elected officials, the business community, and special interests will be obtained. New funding beyond that which is demonstrated to be "reasonably anticipated" or likely to be available because of a commitment to a specific course of action must be regarded as speculative and any improvements to be implemented using this type of funding are regarded as "desirable," but not formally included in the Plan.

The following describes the funding categories identified in the Regional Transportation Systems Financial Element:

- 1) **Currently Available Funds:** Funds derived from an existing or ongoing source of funds dedicated to or historically used for transportation purposes that the region expects to continue to be available to fund projects (e.g., authorized federal funds, local tax revenues, etc.).
- 2) **Committed Funds:** Funds derived from an existing or ongoing source that have been committed to specific improvements in the region's TIP, local CIPs, or local bond issues.
- 3) **Reasonably Anticipated:** Funds that are likely to be available in light of historical evidence (e.g., future federal authorizations that do not exceed previous federal authorizations; local bond issues with a history of successful passage by voters).

- 4) **New Funding Sources:** New funding sources that do not currently exist or require some steps (e.g., legal, executive, legislative) before a jurisdiction, agency, or private party can commit such revenues to transportation projects but which are affirmatively supported by the MPO as part of the Plan. If required to implement an improvement called for in the RTSP, the Plan must include a specific plan of action that describes the steps that will be taken to ensure that the funds will be available within the time frame shown in the financial plan.
- 5) **Funds Not Expected to be Reasonably Available:**
 - a) Past efforts to enact new revenue sources have generally not been successful;
 - b) The extent of current support by the public, elected officials, business community, and/or special interests indicates passage of a pending funding measure is doubtful;
 - c) No specific plan of action exists for securing the funding source, and/or no other information exists that demonstrates a strong likelihood that funding will become available.

Two tiers of transportation systems improvements are called for in the RTSP. The first tier – all of the identified highway capital projects and basic maintenance activities; transit capital projects and maintaining existing levels of service; and bicycle lane, transportation system efficiency management, goods movement, and intermodal freight highway system improvements in the RTSP – is expected to be implemented using currently available, committed, or reasonably anticipated revenues. Improvements to the regional rail (freight), aviation, pipeline, maritime, and pedestrian systems are likely to be funded using federal, local, and/or private resources that are outside the scope of this Plan.

The second tier – desirable investments identified in the Plan that do not, as of yet, have reasonably anticipated funding – includes improved levels of transit operations, enhanced Amtrak passenger rail service, and trackage improvements required for the development of high speed rail service in the Willamette Valley. Unidentified highway improvements associated with outstanding issue areas, such as the Willamette River bridges, are not predicted to be affordable without new revenues.

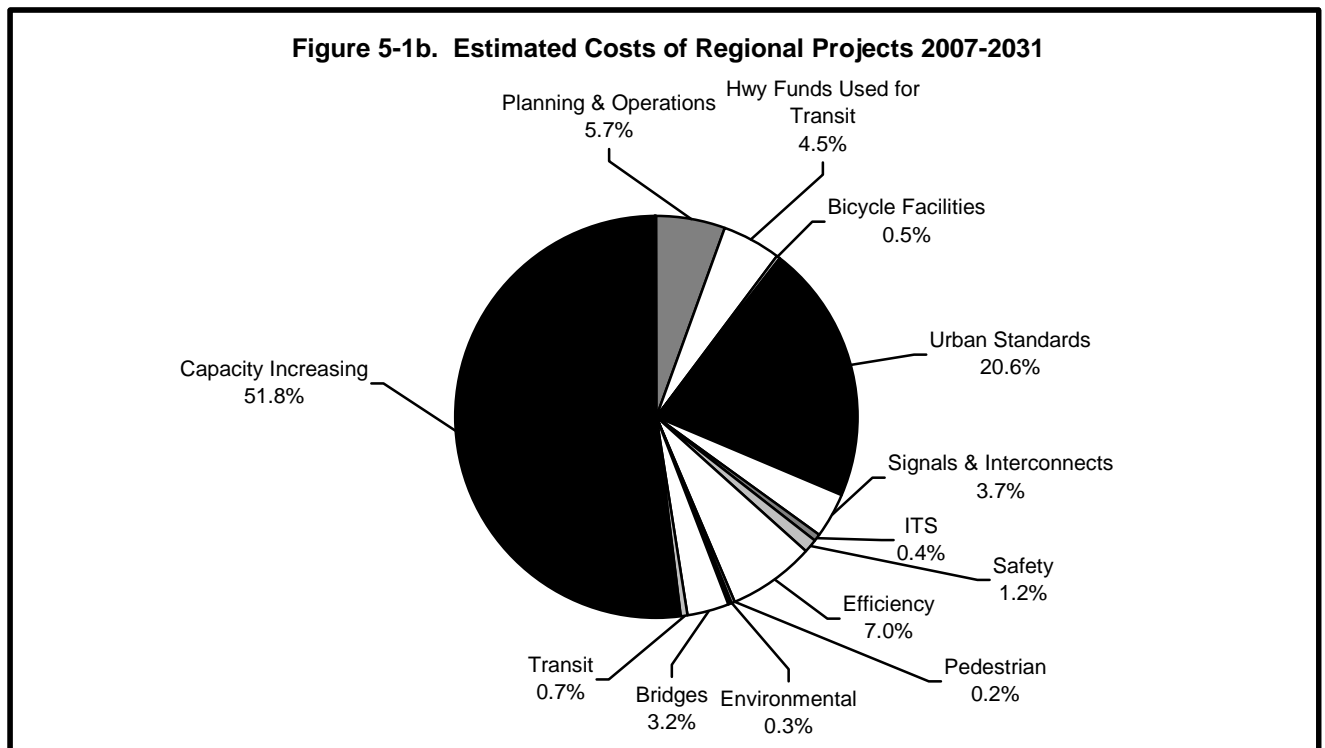
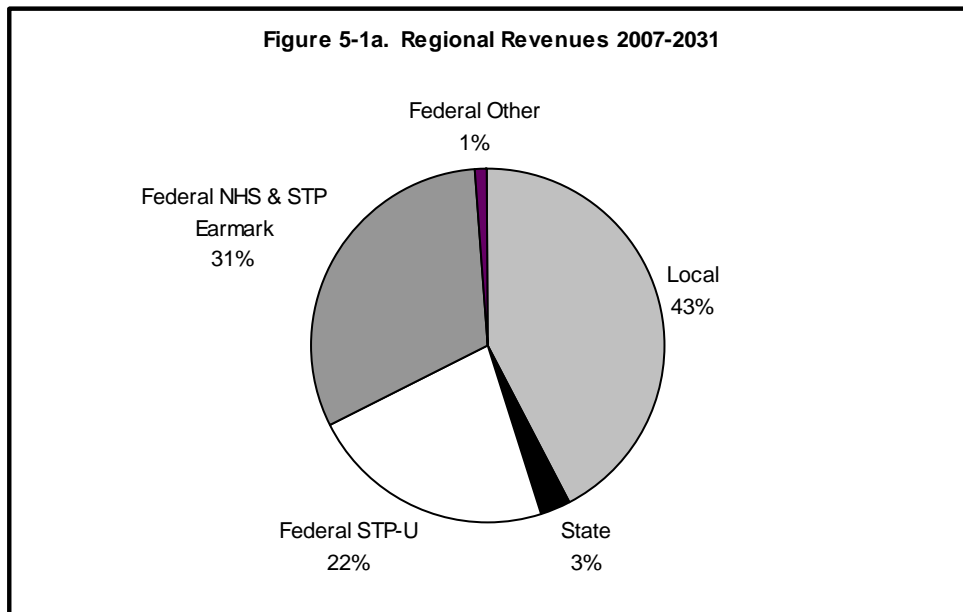
Regional Nontransit Systems Capital Cost and Revenue Analysis

Estimated Revenues

In order to develop a financially constrained long-range transportation plan, the estimated revenue sources expected to be used to pay for identified transportation system improvements should be reasonably available in order to successfully implement the plan. In the SKATS region, the projected revenues that are expected to be reasonably available during the 24-year planning period for non-transit regional capital projects is estimated at \$435.9 million

(expressed in 2006 dollars). The estimated 24-year revenues available for nontransit regional capital projects are illustrated in **Figure 5-1a and 5-1b**.

Transportation funding sources that are available and the types of projects for which the funds may be used on are illustrated in **Table 5-1**. As will be discussed later in this chapter, few sources of federal funds can be “flexed” for either transit operations or roadway maintenance and operations. Some local sources of funds (such as systems development charges, bond issues, and urban renewal funds) are also limited to capital improvements.



**Table 5-1
Funding Flexibility Matrix – General Guidelines for the Use of Transportation Funding**

POTENTIAL USES	Transit			Highway				Other	
	Transit Operations	Capital Improvements	ADA/Elderly & Handicapped	Maintenance & Operations	Roadway Capacity	Bicycle	Pedestrian	Rideshare/TDM	Passenger Rail and Facilities
FUNDING SOURCES									
Federal									
(a) National Hwy System (NHS)	no	no	no	yes	yes	yes	yes	no	(b)
Federal Sec. 11X earmarks	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)	(c)
ODOT STP	no	yes	yes	yes	yes	yes	yes	yes	yes
STP Enhancements	no	yes	yes	no	no	yes	yes	no	(d)
FTA Section 5307 (formerly Section 9)	yes	yes	yes	no	no	no	no	no	no
FTA Section 5309 (formerly Section 3)	no	yes	yes	no	no	no	no	no	no
(e) FTA Section 5310 [(formerly Section 16b(2))]	no	no	yes	no	no	no	no	no	no
(f) FTA Section 5303 (formerly Section 8)	no	no	no	no	no	no	no	no	no
(g) Marion County Nat'l Forest Revenues	no	no	no	yes	yes	yes	yes	no	no
State									
Gas Tax Revenues	no	no	no	yes	yes	yes	yes	(h)	no
(j) Special Transportation Fund (STF)	yes	yes	yes	no	no	no	no	no	no
Transit in Lieu Payments	yes	yes	yes	no	no	no	no	no	no
Regional									
SKATS STP-U	no	yes	yes	no	yes	yes	yes	yes	yes
Local									
Salem G.O. Bonds	no	no	no	yes	yes	yes	yes	no	no
(i) Transportation System Development Charges	no	no	no	no	yes	yes	yes	no	no
Gas Tax Revenue	no	no	no	yes	yes	yes	yes	yes	no
Keizer Urban Renewal	no	yes	no	no	yes	yes	yes	no	no

- (a) Up to 50% of NHS funds can be transferred to STP funds; 100% if approved by U.S. Secretary of Transportation.
- (b) May be used for passenger rail facility use if resulting improvements to NHS facilities can also be demonstrated.
- (c) Specific earmarks for individual projects.
- (d) STP Enhancement funds can be used for the rehabilitation and operation of historic railroad facilities.
- (e) Limited to private, nonprofit organizations or public bodies that coordinate transportation services for the elderly and disabled persons.
- (f) FTA Section 8 is dedicated for transit planning activities.
- (g) National Forest Revenues are allocated for roads (75%) and schools (25%).
- (h) Potential uses may include park-and-ride facilities only as part of eligible highway improvements projects.
- (i) May be used for transit capital improvements and ADA/elderly & handicapped operations; cannot be used for transit system operations.
- (j) Limited to roadway capacity projects. Bicycle and pedestrian facility improvements may be included as part of roadway capacity projects.
- (k) TSDCs are currently implemented by the cities of Keizer, Salem, and Turner and Marion County.

Federal Revenue Sources: \$239.5 Million

- **NHS & STP-Earmark**

Projects identified on the National Highway System (NHS), such as Phase IV of the Interstate 5 project, will be funded from the NHS and/or STP Enhancement programs, less any local share match required. The timing will be dependent on appropriation by the US Congress. Previous appropriations paid for Phases I through IIIb of the Interstate 5 project in sums of \$6.65 million in 1992 (Market Street Interchange), \$40 million in 1994 (Silverton to State), \$36.58 million in 1996 (Phase II SPRR-Silverton, Hayesville Interchange), \$23.97 million in 1997 (State St to Highway 22) and \$62 million in 2005 (Highway 22 to Kuebler). As such, it can be reasonably anticipated that this funding source will be available in the future. Also included in this amount is the earmark Polk County has received for work on in the area of Highway 22W and Highway 51. Approximately \$136,126,000 in anticipated over the next 24 years for projects located on the National Highway System.

- **SKATS STP-U Funds**

Currently, SKATS receives approximately \$2,400,000 a year in Surface Transportation Program (STP) funds from the federal government via ODOT as a Transportation Management Area (TMA). Current estimates indicate that the yearly value of these funds will rise to \$5,600,000 in 2031 based on the current trend. The total for 2007-2031 is estimated at \$98,020,000. While this is an increase from the estimate in the 2005-2030 Plan, it is a reduction from the estimate from the 2003 Plan amendment, which set the starting year fund allocation at \$3 million. The STP program began with the authorization of ISTEA and was renewed with the passage of TEA-21. As such, the funding can be considered to be a relatively secure source. In addition, it is one of the few sources of revenue that can be used for a variety of different types of projects, as illustrated in Table 5-1.

- **STP Enhancement Funds**

Each state must set aside 10 percent of its yearly STP revenues for Transportation Enhancement Activities. Enhancement funds are allocated to the local jurisdictions through the state on a competitive basis. The estimated revenues from STP Enhancement Funds for the SKATS region are based on: 1) the continuation of the enhancement program during the 24-year planning period; and 2) the five-year average of enhancement funds programmed in the SKATS TIP for FY 1995 through 2000. A total of \$1,107,400 in enhancement funds have been programmed for capital improvement projects in the SKATS TIP for fiscal years 1995 through 2000. The city of Turner received \$900,000 in TE funds in 2003. The potential revenue from STP Enhancement Funds available to the SKATS region for the 24-year planning period is a minimum of \$4,614,150.

- **Marion County National Forest Revenues (NFR)**

In the past, Marion County has used revenue from the National Forest Reserve to fund transportation projects within their boundaries, including projects in the SKATS area. Based on the percentage of Marion County projects that are within the Salem-Keizer-Turner urbanized area, the amount that is reasonably anticipated to be

available for projects in the Salem-Keizer-Turner urban area is \$757,500. This amount differs from the estimate in the 2002 RTSP Update and was derived after consultation with Marion County staff. The methodology used to arrive at this value is presented in more detail in the Marion County Gas Tax discussion.

State Revenue Source: \$12.1 Million

- **Gas Tax Revenues**

The distribution formula of state highway fund (gas tax) revenues is established by the Oregon legislature. Currently, 60.05 percent is dedicated to state highway programs, 24.38 percent is dedicated to county road programs, and 15.57 percent is dedicated to city road programs. The county share is proportionately distributed based on vehicle registrations and the city share is based on population. Oregon statute (ORS 366.514) requires that cities and counties expend a minimum of one percent of their state gas tax revenues to provide and maintain walkways and bikeways.

Total gas tax revenues from the three jurisdictions that will be available for capital projects on the regional transportation system during the 24-year planning horizon are estimated to be \$12,121,000. This value is less than half of the value estimated for the 1996 RTSP, is a decrease from the value in the 2002 RTSP, and is a slight decrease from the 2005 RTSP. This decline can be attributed to several factors. First, the assumptions made in the revenue projections at the state level have turned out to be rather optimistic. In particular, the rate of increase of the fuel tax has been smaller than predicted. In light of this, in 2003 ODOT convened a committee to revise the revenue projections based on changes at the federal level, specifically the authorization of SAFETEA-LU, and to revisit the assumptions that were made regarding the likely increases in the state fuel tax. This committee based much of its methodology on work by a previous committee convened to address similar issues in 1998 due to TEA-21. The assumptions that were adopted by the ODOT committee, and reported in the document, *Financial Assumptions for the Development of Metropolitan Transportation Plans* (December 2004) include:

- Fuel tax rates increase at a rate of \$0.01 per gallon per year through 2035. The increases would start in 2006.
- An increase in vehicle registration fees of \$15 every eight years starting in 2010.
- Assume revenues would not be impacted by the implementation of the Transportation Planning Rule (TPR).
- Assume that the current 60.05-24.38-15.57 split of fuel tax revenues between the state, counties, and cities would be modified to 50-30-20.

These assumptions were used by ODOT as parameters in an econometric model that included inflation, fuel price and efficiency, population, employment, vehicle registration and other variables to determine the amount of revenue that could be expected through 2035.

Estimates for the cities and counties were prepared by SKATS based on the ODOT document and recent gas tax funds received by Keizer, Salem, and Marion County. One assumption used for preparing the estimates was to hold the share of gas tax funds that each city and the county received from the state as constant based on their 2005 value. This means that, for the cities, their population stays the same percentage-wise in relation to the state's total population. For counties, the number of vehicle registrations stays constant in relation to the other counties in the state.

City of Salem: Except for the minimum of one percent dedicated to pedestrian and bicycle system improvements and maintenance, it is anticipated that no gas tax revenues from the city of Salem will be spent on regional capital improvement projects. These funds will total approximately \$353,000 over the next 24 years.

City of Keizer: Currently, \$400,000 a year is spent on modernization projects for the city of Keizer. It is estimated that 25 percent of these funds will be spent on projects involving the regional transportation system. This value will be refined in future RTSP updates to reflect historical patterns for the city of Keizer. The estimated revenue for the 24-year planning period is \$3,006,000.

City of Turner: The city of Turner currently receives approximately \$50,000 a year in state gas tax revenue. These funds are split between capital projects and operation and maintenance of the existing roads. At most, \$762,000 will be available over 24 years for capital projects. This value will be refined in future RTSP updates to reflect information on actual expenditures by the city of Turner on the regional roads.

Marion County: The estimated regional share of Marion County's allocation of state gas tax revenue is based on: 1) the proportion (15 percent) of capital transportation projects located in the SKATS area that are listed in the Marion County CIP for 1995-1999; and 2) the proportion (12 percent) of reported county disbursements allocated to roadway construction and expansion projects during 1991 through 1994. The estimated regional share of Marion County's state gas tax revenues available for capital projects during the 24-year planning period is \$8,000,000.

Local Revenue Sources: \$184,069,000 (min)

- **City of Salem General Obligation Bonds**

The city of Salem uses voter-approved general obligation bonds to fund street improvement and expansion projects. The taxing authority of the city is pledged to pay interest and principal to retire the debt. These bonds are backed by the city's full faith and credit, and in Salem's case, are repaid by property tax revenues. Since May 1974, there have been six successful and one unsuccessful street-related bond issues.

Based on estimates from Salem Public Works, three bond measures for transportation will be offered during the time frame of the RTSP. The total value of the bond measures will be \$85.6 million (in 2006 dollars). This is substantially less than was presented in the 2005-2030 Plan. Not all the bond funds will be used for capital projects. Approximately 33 percent will be used to maintain the existing system. Using the assumption that 70 percent of the total bond revenues will be

used on the regional transportation system, passage of all three of the measures will result in \$39,300,000 for regional non-transit transportation projects. These funds are categorized as “reasonably anticipated.” While the bond measure of November 2000 failed to pass, the city does have a history of passing transportation bonds. Compared with the 1996 and 2005 RTSPs, this amount is considerably less than what was anticipated for those plans [\$101,320,000 (adjusted to 2000 dollars) and \$71.2 million respectively].

- **City of Salem Transportation System Development Charge (TSDC)**
In 1995, the Salem City Council adopted a Transportation System Development Charge (SDC) to help fund identified transportation system deficiencies that are expected to be created by future growth and development. Under Oregon law (ORS 223.297 through 223.314), only a portion of roadway improvement costs is eligible for funding through TSDCs. Improvement costs to maintain or improve the structure of an existing roadway that do not provide significant capacity increases are not eligible for funding through TSDCs. An estimated \$80.5 million (in 2006 dollars) in TSDC revenue is projected to be available for roadway capacity projects through 2031. The estimated amount of SDC revenues available for funding regional highway projects is based on discussions with city of Salem Public Works staff, resulting in a determination that 50 percent of TSDC revenues will be used on regional projects. It is estimated that \$40,233,000 in TSDC revenues are available for regional transportation projects. The Salem City Council last updated their TSDCs in 2002, and as of November 2006, is considering a proposal to update the fee structure and list of eligible projects.
- **City of Salem Urban Renewal District Financing**
The city of Salem uses Urban Renewal District financing to help pay for public infrastructure improvements, which may include transportation system improvements. It is anticipated that approximately \$23.7 million will be spent on projects located on the regional system that are within urban renewal districts during the lifetime of this Plan.
- **Other City of Salem Funds**
Other revenue streams are available to the city to fund regional road projects. These include developer funding of projects and state and federal grants beyond those considered earlier for safety or bridge projects. It is anticipated that Salem will receive approximately \$56 million for use on regional projects over the next 24 years. In addition, the city is currently carrying over approximately \$7 million in funds that have not been obligated to projects yet. These projects and funds are anticipated to be obligated in the near future.
- **Marion County Transportation System Development Charge**
In 1995, Marion County enacted a Transportation System Development Charge for the unincorporated portions of the county within the urban growth boundaries of Salem, Silverton, and Woodburn. This SDC is identical to the one adopted by the city of Salem, with the exception of the amount of funding that will be generated. The estimated revenue from the TSDC during the time frame of this plan is \$3.065 million. As with Salem’s TSDC, these funds may only be used for significant

capacity improvements to a road, or for constructing new roads. Marion County updated their TSDCs in 2002. Also available are funds from the Marion County Rural System Development Charge. This is anticipated to bring \$1,500,000 in revenue to projects inside the SKATS boundary that are outside the UGB of Salem-Keizer and Turner. The total TSDC funds anticipated to be available is approximately \$4,565,000.

- **Other Marion County Funds**

Marion County receives contributions from developers for some road projects. In addition, they have a history of receiving grant money from the state for safety-related projects. It is anticipated that these funding streams will bring in \$4,750,000 over the next 24 years.

- **City of Turner Transportation System Development Charge**

The city of Turner levies a system development charge on new development. Currently the charge brings in \$10,000 a year, with the expectation that it will rise to \$40,000 in 24 years. Assuming that 25 percent of these funds are used on the regional system, this funding stream will bring in approximately \$156,000 over the next 24 years.

- **City of Keizer Transportation System Development Charge**

The city of Keizer enacted a transportation system development charge in the first part of 2005. In 2006 the charge brought in roughly \$715,000. The expectation is it will raise approximately \$5,500,000 within 24 years. This funding stream will bring in roughly \$2,100,000 over the time frame of this Plan to be used on the regional system.

- **City of Keizer Urban Renewal District Financing**

The city of Keizer relies on Urban Renewal District financing to help pay for public infrastructure improvements, which may include transportation system improvements. Between 1998 and 2002, approximately \$1,250,000 in urban renewal funds were used each year on regional transportation system projects. Based on the information provided by the city of Keizer, an estimated \$4.265 million in regional transportation system improvements are scheduled for construction within the urban renewal areas between 2002 and 2010. It is anticipated that any projects located within an urban renewal district can be funded with future revenue from the district.

- **Salem Area Mass Transit District Funds**

There are a number of road projects that benefit the operation of the transit system in the SKATS area that are scheduled to be implemented over the next 24-years. It is anticipated that the transit district will contribute funds to assist in their development, either from earmarks or locally raised funds. During the time frame of this Plan, approximately \$2 million is anticipated from the transit district.

Estimated Costs

This section of the Regional Transportation Systems Financial chapter provides a brief overview of the estimated 24-year capital costs for the nontransit regional capital projects recommended in the RTSP update. The estimated total capital costs are illustrated both with and without the inclusion of National Highway System (NHS) and state highway system projects. A more detailed description of the recommended regional transportation system projects are provided in the specific RTSP elements referenced below.

Nontransit regional capital projects include: 1) NHS, state, and regional highway capacity and safety improvement projects (i.e., widening, signalization, intersection improvements); 2) bicycle and roadway improvement-related pedestrian facility improvements; and 3) continued implementation of the regional Rideshare and TDM programs. The estimated 24-year capital costs and the percentage of total cost for these recommended projects are illustrated in **Figure 5-1b**.

Descriptions of the categories included for funding in the Plan are listed below. The first five categories are considered “regional operations” and use STP-U (Surface Transportation Program - Urban) funds from the Federal Highway Administration. The remaining categories are for funding capital projects, and utilize the variety of funding sources listed earlier in this chapter.

Regional Rideshare Program: \$4,207,700

The estimated costs to the region for funding the Regional Rideshare Program during the 24-year planning period is approximately \$4.2 million. This value does not include the STP funds paid by the state. The Regional Rideshare Program includes carpool matching, vanpool, and buspool referral services, employee/employer community outreach, and program development and coordination (described in chapter 13).

Regional TDM Program: \$480,000

The Regional TDM Program will cost the region an estimated \$480,000 to continue to operate at the current level during the 24-year planning period. This value does not include the match in STP funds provided by ODOT. This program is designed to work with employers to coordinate alternative transportation programs and also to complement the efforts of the Regional Rideshare Program described above (also described in chapter 13).

Regional Signal Program: \$4,063,000

Operation of the Regional Signal Program is estimated at \$4.06 million. This program supports the operation of the existing transportation system to a higher degree of efficiency by coordinating the traffic signals on the regional street system.

Regional System Monitoring Program: \$2,308,000

The Regional System Monitoring Program is a necessary component to the successful implementation of the Congestion Management Program. It will provide data on the operational characteristics of all modes on the regional transportation system. [Note: There could be cost savings by combining this program with the Regional Signal Program.]

MPO Support: \$13,668,000

Enhanced support of MPO planning, coordination, and administration will be required as a result of additional requirements associated with becoming a TMA and the recent trend of reduced support from ODOT. In addition, reduction in PL (planning) funds from the federal government has required additional expenditure of STP-U funds for this activity. This category now includes the Regional Modeling Program that previously was listed as a separate line item.

Regional Two Bus-a-Year Program: \$19,580,000

This program provides support to the Salem-Keizer Transit District in the form of \$600,000 per year for the purchase of two replacement buses to modernize their fleet. Over the 24-year period of the Plan, this totals \$19.6 million after adjustments for inflation. This program began with the 2002 Update, when funds were allocated for one bus per year. Since 2002, funds have actually been allocated for two buses each year in the TIP.

Regional Bicycle System: \$10,600,000

The 24-year costs for the recommended regional bicycle system projects, excluding those sections that are included as part of the regional highway system improvement projects identified below, are estimated at \$10.1 million (see the Regional Bicycle System Plan).

Regional Highway System

Beginning with this RTSP update, the projects on the Regional Highway System are broken down into eleven categories, seven more than in the previous updates. The increase in categories is to facilitate understanding of which transportation projects are being funded, and what they seek to accomplish. However, there are projects that span multiple categories. For these projects, only one category was selected to describe the project.

Regional Highway System, Urban Standards: \$89,812,000

The purpose of projects in this category is to bring existing roads up to urban standards. Urban standards are defined as roads with sidewalks and curbs. In many instances, bike lanes are also included. The projected cost during the time period of the Plan is \$89.8 million.

Regional Highway System, Bridge Modernization: \$13,891,000

Bridge modernization projects replace or repair existing bridges to bring the structures into compliance with the requirements of modern travel and seismic codes. Also, for bridges over streams identified as possible travel paths for spawning endangered fish, the bridge or culvert will be built in a way to allow easy passage for the fish. The estimated 24-year cost for these projects on the regional system is \$13.9 million.

Regional Highway System, Signals & Interconnects: \$16,033,000

This category includes projects for constructing new signals or modifying current signals to connect to the Regional Signal Control Center. The 24-year cost for the recommended projects of this type is estimated at \$16.0 million.

Regional Highway System, Efficiency: \$30,621,000

The purpose of projects in this category is to address the efficiency of the existing regional network. One example would be channelization of approaches to intersections. Currently, approximately \$30.6 million in projects are identified over the next 24 years.

Regional Highway System, Safety: \$5,318,000

These projects address safety issues such as providing dedicated left turn lanes and addressing areas with a high number of incidents. Many safety improvements are also provided by projects in other categories. There are \$5.3 million in safety projects over the 24-year lifetime of this Plan.

Regional Highway System, Pedestrian: \$2,223,000

At the regional level, pedestrian projects are designed to provide sidewalks in and around the regional destination areas, such as downtown Salem, and along the regional arterials. Regional pedestrian projects in the amount of \$2.2 million have been identified for funding in this Plan.

Regional Highway System, Environmental: \$1,232,000

Environmental projects seek to maintain or restore the environmental functions that previous projects may have degraded. Currently, one project costing \$1,232,000 is identified in the RTSP.

Regional Highway System, ITS: \$1,921,000

Projects in the Intelligent Transportation System (ITS) category often overlap with the other categories listed. It is likely that the number of ITS projects will increase in the next several RTSP updates due to the multiple benefits and typically reasonable cost of these types of projects. Currently, the projects included in the plan in this category are anticipated to cost approximately \$1.9 million over the next 24 years.

Regional Highway System, Capacity Increasing: \$225,718,000

Capacity increasing projects are defined as providing additional travel lanes on a road or multiple turn lanes at an intersection. These projects may also include elements of the other categories listed above. In addition, this category now contains the projects that are on the NHS and State Highway System that is funded and maintained by ODOT. The costs for the recommended projects are estimated at \$225.7 million over the 24-year period of this Plan, including approximately \$132.4 million in projects on ODOT facilities. [Note: This total does not include several projects that are listed, because the cost of the project is unknown at this time or will be paid by the developer.]

Regional Bridge System: \$20,000,000

To prepare for the eventual construction of the Tryon corridor bridge, right-of-way needs to be acquired. For the time period of this Plan, the estimated cost for acquiring the land is \$20,000,000.

Undefined Regional Transportation System Improvements: (Undefined Project Costs)

A number of recognized transportation needs in the SKATS area require further study in order to recommend potential system improvements and to be able to make reasonable project cost estimates. In addition, programs must be implemented to meet the federal

regulations applicable to a TMA. Consequently, these "outstanding issues" will be addressed in subsequent RTSP updates including any recommended facility improvements or system alternatives, as well as their estimated costs. Some of the transportation system needs and outstanding issues that require further study include: 1) Highway 22 Corridor Refinement Plan; 2) Salem River Crossing EIS; 3) the Chemawa Interchange; and 4) identification of a long-range strategic vision of the urban form and supportive transportation structure, to include the development of an integrated long-range land use and transportation plan and system performance measures related to reducing reliance upon the automobile.

Capital Costs and Revenues Comparison

The estimated 24-year revenues reasonably anticipated to be available for regional non-transit projects is approximately \$303.6 million excluding ODOT, and approximately \$435.9 million including ODOT funding, in 2006 dollars. The estimated 24-year capital costs for all non-transit projects is \$804.7 million excluding ODOT and \$937 million including ODOT projects on the NHS and state highway system.

The RTSP is a financially constrained plan, meaning that the projects included must have funding identified that is reasonably anticipated to be available over the life of the plan. Thus, the project cost cannot be greater than the revenues. Therefore, subtracting the estimated non-transit regional capital costs (\$937 million) from the identified regional revenues (\$436 million) results in an estimated deficit of approximately \$501 million. These figures include all the projects on the regional system, including the NHS and State Highway system maintained and operated by ODOT. The ODOT projects are currently estimated to cost \$132.4 million, and their funding is reasonably anticipated to be available over the next 24 years. This deficit is substantially higher than the \$191 million forecast in the 2005-2030 RTSP. Several factors are involved, including a recent rapid increase in the cost of constructing projects and an increase in the projects proposed for inclusion in the Regional Plan.

As a result of this mismatch between forecast costs and revenue, projects must be moved into the "illustrative" list and are not considered as part of this Plan update, nor are they included in any Air Quality or other system modeling. Before any of the unfunded projects could be built, the Plan would need to be amended, funding identified and the revised Plan needs to fulfill a determination of Air Quality Conformity. The cost by category for the Plan is shown in **Table 5-2**.

Table 5-2
Project Category by Funding Status

	2007 RTSP (2006 \$1,000s)				
	Committed	Included	Financial Constraint	Illustrative	Total
Safety	\$5,218	\$100	\$5,318	\$500	\$5,818
Signals & Interconnects	\$4,475	\$11,558	\$16,033	\$6,466	\$22,499
Efficiency	\$6,733	\$23,888	\$30,621	\$22,027	\$52,648
Urban Standards	\$50,478	\$39,334	\$89,812	\$131,412	\$221,224
Capacity Increasing	\$8,708	\$217,010	\$225,718	\$309,394	\$535,112
Transit		\$3,200	\$3,200		\$3,200
Bridge	\$10,379	\$3,512	\$13,891	\$4,700	\$18,591
Bicycle	\$2,000	\$223	\$2,223	\$10,600	\$12,823
Ped	\$323	\$750	\$1,073	\$5,698	\$6,771
Environmental	\$1,232		\$1,232		\$1,232
ITS	\$791	\$1,130	\$1,921	\$11,109	\$13,030
Road Subtotal	\$90,337	\$300,705	\$391,042	\$501,906	\$892,948
Bus Purchases		\$19,600	\$19,600		\$19,600
Regional Operations		\$24,709	\$24,709		\$24,709
Total	\$90,337	\$345,014	\$435,351	\$501,906	\$937,257

A list of all projects identified as necessary for providing an adequate level of mobility to the residents of Salem-Keizer, as well as meeting the requirements of financial constraint, is shown in **Table 15-1a** in Chapter 15. **Table 15-1b** lists the projects that are not included in the financially constrained Plan due to budgetary or other reasons.

In addition, there are many undefined transportation system improvements that do not have an identified revenue source. The undefined transportation system improvements, such as those expected to result from the in-progress Salem River Crossing EIS, will likely require major capital investments for the region that will exacerbate the financial deficit. As a result, additional revenue sources beyond those identified in this plan update will most likely be required for subsequent RTSPs to be financially constrained.

Regional (Nontransit) Maintenance and Operations Costs and Revenues

Overview

The preservation of the existing transportation infrastructure is a regional priority. Consequently, before calling for the implementation of new capital projects, the Plan should demonstrate that the region has financial capacity to finance the operations and maintenance activities required to preserve the existing transportation system. These activities include basic

maintenance of the streets, transportation system operations, and engineering/planning support. This section of the Regional Transportation Systems Financial chapter discusses the estimated aggregate cost for maintaining and operating the nontransit portion of the region's transportation system and the funding considered available for those activities over the 24-year planning period.

Each of the local jurisdictions has defined a level of maintenance for their facilities that they can fund given the resources available to them and that keeps the roads in adequate condition. Typically this level of maintenance is done “reactively” and not “proactively.” Proactive maintenance is a continuous process to address issues before they require a more expensive fix. However, given that this also requires a higher funding level than is currently available, it is assumed that for the duration of this plan that maintenance expenditures will be based on the current procedures.

Assumptions

A number of key assumptions provided the basis for estimating nontransit maintenance and operating costs for the SKATS area during the 24-year planning period. A summary of those assumptions follows:

- The local jurisdictions within the SKATS area (Marion and Polk counties, and the cities of Turner, Salem and Keizer) have committed to providing an acceptable systemwide level of facility maintenance. The public works departments for the cities of Keizer and Salem, along with Marion County provided estimates for the cost of operating and maintaining their roads in the urban area.
- Polk County has jurisdiction over only one regional roadway in the SKATS region and can reasonably be expected to provide adequate maintenance on that facility.
- The Oregon Transportation Commission (OTC) has adopted a policy that preservation of the existing transportation system is its first priority and has directed the increase in funds to that purpose statewide. Therefore, for state owned and operated highway facilities – which includes Interstate 5, Highway 22, and Highway 221 (Wallace Road) – it is assumed that the state will allocate the necessary financial resources to adequately maintain and operate these facilities based on the highway preservation policies established by the OTC. As a result, no attempt to quantify the costs associated with state roadway maintenance was made in this analysis.
- Estimated maintenance and operating costs are expressed in constant dollars unless otherwise noted and, for the purposes of this aggregate analysis, it is assumed that future-year revenues will keep pace with the rate of inflation.

Estimated Aggregate Maintenance and Operating Costs And Revenues

City of Salem: The city of Salem currently budgets approximately \$9.5 million year for transportation operations and maintenance of their entire system. This is funded through a combination of state motor fuel tax revenues, franchise fees, grants, and other sources. For the

regional system, this will total \$232.8 million over the life of the Plan.

Marion County: Marion County’s Public Works Department reports that it spends \$1,000,000 per year on operating and maintenance projects within the Salem-Keizer urban area. It is assumed that that value stays constant, resulting in \$25 million spent during the time period of this Plan.

For the next three jurisdictions, the estimates are for the total they spend on all roads inside their boundaries, not just the regional roads.

City of Keizer: Keizer's reported maintenance and operating disbursements also vary from year to year. Currently the city receives approximately \$1.6 million a year in gas tax funds. These funds are used for both capital and operating and maintenance of Keizer’s road system. Currently they allocate a minimum of \$300,000 per year toward maintenance, which is an estimated \$7.2 million for the 24-year planning period (2007 through 2031).

City of Turner: Turner receives approximately \$50,000 a year in gas tax funds. It is assumed that half of this will be spent on maintaining their system, which will be \$763,000 over the next 24 years.

Polk County: As mentioned earlier, Polk County “owns” only a few roads in the SKATS area, and less than a handful on the regional system. In the November 2006 election a bond measure to provide \$20 million for maintaining and repairing their system passed. It is assumed that funds from this measure will provide for the maintenance of their roads in the SKATS area.

The information provided in **Table 5-3** summarizes the estimated 24-year revenues anticipated to be available to maintain the roads that makeup the regional system. An estimated \$265.8 million will be spent to maintain and operate the nontransit portion of the transportation system in the SKATS area.

Table 5-3
Operation and Maintenance Funding, 2007 to 2031

Jurisdiction	Funding
Keizer	\$7,200,000
Salem	\$232,800,000
Turner	\$763,000
Marion County	\$25,000,000
Total	\$265,763,000

Regional Public Transportation System Funding Analysis

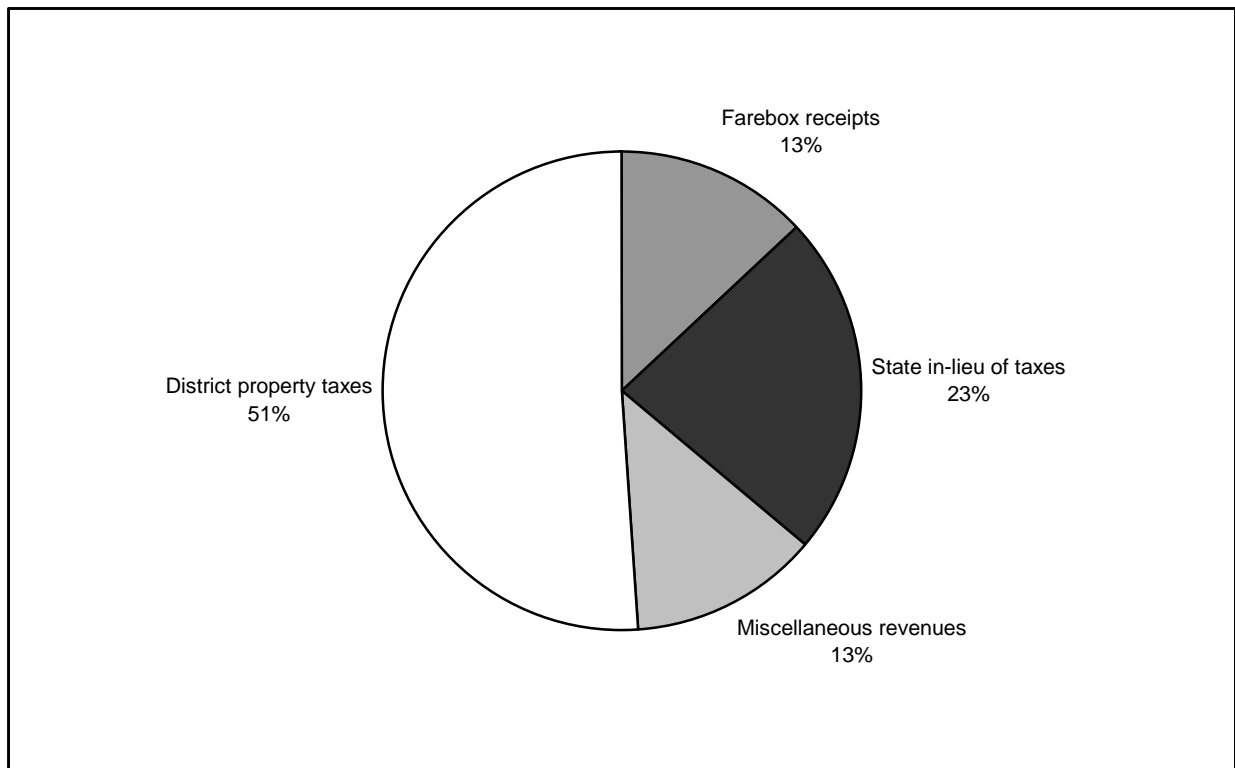
Mass Transit

Unlike some other transit systems in Oregon, such as TriMet in Portland and Lane Transit in Eugene, the Salem-Keizer Transit District does not have a dedicated funding source established in state statutes. The district must go before the voters on a periodic basis and compete with other public services for funds.

The transit district's FY 2006 budget identifies a total of \$15,559,500 in operating revenues, other than carryover funds, for the fiscal year. These come from four major sources (**Figure 5-2**):

- District property taxes (\$7,805,000, 50%)
- State in-lieu of taxes (\$3,645,000, 23.5%)
- Farebox receipts (\$2,086,500, 13.5%)
- Miscellaneous revenues (\$2,023,000, 13%)

Figure 5-2
FY 2006 Transit Operating Revenue Sources



The district's source of local voter-approved funding—its property tax base—was approved in 1996 and comprises approximately one-half of the district's total operating revenues. That funding base provided the local resources needed to create a seven-to-ten-year financial plan.

The plan included a number of service improvements, including night service, frequency improvements, and park-and-ride routes. These services have been implemented, with a resulting large increase in transit ridership.

The 1996 tax base no longer will provide adequate funding to maintain the current transit service, nor allow Cherrriots to provide for the development of new services that will generate higher numbers of riders. The district placed a tax levy measure on both the Spring and Fall 2006 ballots, but the measure did not pass either time. After the May 2006 election, service cuts of 20 percent were implemented. The transit district is currently, December 2006, discussing whether to implement further cuts now, or use a portion of their reserve funds and delay the cuts for several years. In addition, they are discussing placing a bond measure on the May 2008 ballot that would restore service to those portions cut, as well as allow the transit district to enhance operations.

With the 2000 Census, the Salem-Keizer area passed the 200,000 population figure, resulting in the area being designated as a transportation management area (TMA). This resulted in a significant change for the transit district, as some of the federal funds the transit district receives may no longer be used for operating purposes, but will be dedicated to capital use and certain elements of fleet maintenance only. Legislative changes are being sought, however, which could return some or all of these funds to the operating side of the ledger, and the financial chapter of the RTSP may need to be amended at a future date to reflect any changes that may occur.

Table 5-4 illustrates the projections in revenue for capital and operations for the next 24 years, as well the anticipated cost for capital projects and operating the existing transit system.

Capital Revenue Projections

The majority of revenue that the transit district will receive over the next 24 years for use on capital projects, buying new buses and the new mini-transit centers, will come from the federal government, either in the form of a yearly distribution determined by a formula devised by the Federal Transit Administration or from federal earmarks for specific projects. The current estimate is that the transit district will receive approximately \$68.3 million over the next 24 years. These funds are from the FTA 5309 formula, special transportation fund and state support that is forecast to start in 2010. The transit district also receives 5307 funds; the majority anticipated to be used for preventive maintenance of the fleet. During the time frame of this Plan, the transit district is forecast to receive approximately \$137.7 million in 5307 funds.

Capital Expenditure Projections

It is projected that capital expenditures for the transit system over the next 24 years will be approximately \$73 million. The major capital expenses will be bus replacement (\$350,000 per bus and six buses replaced per year), updating the west Salem transit center and development of outlying transit centers in south Salem, east Salem, and Keizer.

Other capital expenses will include bus shelter maintenance and expansion, transit facility maintenance, and intelligent transportation system (ITS) development.

**Table 5-4
Transit Capital and Operation Revenue and Costs**

	Capital	Operations
Revenue	\$68,300,000	\$531,885,000
Costs	\$73,000,000	\$779,741,000
Difference	(\$4,700,000)	(\$247,856,000)

Operating Revenue Projections

Operating revenue relies on the local property tax revenues as the primary source of district funds. The amounts shown in the table reflect the current tax base only. They do not include any additional levies that may be passed in the future to allow for continued operation of existing services or any service expansion. These estimates will be revisited after any successful, or unsuccessful, ballot measure to ensure they are still valid. The next anticipated ballot measure to provide additional transit operation funding is scheduled for May 2008. As of January 2007, it is estimated that approximately \$532 million will be available to operate the existing transit system for the next 24 years.

Operating Expenditure Projections

It is expected that it will cost nearly \$780 million to operate the current level of transit service over the next 24 years. It is important to note that this estimate represents costs to maintain the existing level of service only. The transportation plans of Salem and Keizer call for a significant increase in transit ridership as one means of reducing congestion and vehicle miles traveled (VMT) on local streets. To accomplish significant ridership increases, the district will have to expand the number of routes and frequency of service, which will have cost impacts. Even to just keep pace with population growth and increases in VMT, it is not unreasonable to expect a doubling or more of transit service levels.

Maintaining Existing Levels of Transit Service

Operating expenditures are compared to operating revenues over the 24-year plan horizon in **Table 5-4**. The forecast of anticipated funds available to the projected revenue stream leaves an estimated shortfall of approximately \$247.9 million of the cost to maintain the existing level of transit service over the plan horizon period. In addition, the transit district has indicated that further cuts in service will be necessary to match the revenue available with the cost of providing the service. Furthermore, the funds available for operation and capital are also used to provide the CherryLift ADA paratransit service.

The cost of providing CherryLift ADA paratransit service is an ever-increasing component of the transit district's operating and capital costs. Provided under contract, the service carries about 1.3% of the district's total ridership and accounts for 4.5% of the total operating cost. Ridership on the paratransit van system has risen quickly over the first five years of service, resulting in the steep increase in expenses for the service. District staff believes that the rapid growth is beginning to slow down, and that ridership will reach a peak within the next several years and then grow at a similar rate to the fixed-route bus system. Costs for the ADA service, however, are expected to continue to increase disproportionately, as paratransit services are

much more labor-intensive and costly to provide than fixed route transit service.

One of the priorities of the district and the Salem-Keizer area jurisdictions must be to deal with the impacts of this deficit and determine how to fund transit and other transportation needs. It is difficult to estimate how quickly or successfully transit operating revenues can be enhanced. The district's tax base is limited to 3% growth annually. Additional tax measures are limited to five years in length and are subject to voter approval.

Providing Specialized Transportation Services

The *SAMTD Specialized Transportation Plan (2007)* includes the five-year operating and capital costs for CARTS service. First year operating costs for services in Marion and Polk counties are estimated at \$1,020,600 and gradually increase to approximately \$1.1 million by FY 2011-12. Capital costs vary by year depending on the need to replace older vehicles as they reach their useful lifecycle. Over the five-year planning period, capital costs are projected at \$645,000. This includes replacement of six CARTS vans and \$52,000 for implementing a marketing plan for improving marketing and public information materials for CARTS. Chapter 10 of the *Specialized Transportation Plan* describes how revenues for operating and capital expenses would come from a combination of passenger fares, FTA 5311 Funds, Special Transportation Funds, Special Transportation Grants, and other revenues.

In addition to operating and capital costs, CARTS is encouraged to establish a formal reserve fund to cover unanticipated operating expenses, and to have the required matching grant funds for equipment and replacement vehicles. Approximately five percent of CARTS' combined capital and operating budgets, approximately \$55,000 to \$65,000 per year, is recommended for this set aside. CARTS will continue to rely on three major sources of revenue: Federal Transit Administration (FTA) Section 5311, the Special Transportation Fund (STF) and Special Transportation Grants (STG), which include a combination of federal and state discretionary revenues.

Transit Service Improvements

The transit district would like to implement several major service improvements in the future, including adding Sunday bus service; increasing the frequency of service on several of the heaviest routes; constructing mini-transit centers in Keizer, south Salem and east Salem; and converting from a radial-pulse system to a connector-corridor-circulator system (see chapter 14 for more details).

However, a successful tax levy is needed to increase the service aspects, as funding for operations receives little federal support. The federal government will contribute funds for capital improvements, so these projects are likely to be built in the next 24 years. The transit district is increasingly finding itself in the untenable position of being able to purchase new buses and build new facilities, but unable to provide sufficient service frequency to address the needs of the majority of the area's residents.

