



TECHNICAL MEMORANDUM #4

Pendleton TSP Pedestrian, Bicycle, & Transit Update

Transit Resources and Transportation Funding

Date: November 13, 2015 Project #:18685
To: Project Management Team (PMT)
From: Matt Hughart (KAI), Sara Muse (KAI), Stephanie Wright (N\N), Mathew Berkow (N\N)
cc: Advisory Committee (AC)

Capital financing for a large contingent of bicycle, pedestrian, and transit improvements is unlikely in today's constrained financial environment. However, there are a variety of options available to fund active and transit-based improvements within the City of Pendleton. This memorandum presents an overview of existing and future transportation funding estimates for Pendleton and identifies potential opportunities for the City to expand its transportation funding options.

HISTORY OF TRANSPORTATION FUNDING IN PENDLETON

Key funding sources that have contributed to transportation projects within the city over the past fifteen years are summarized in Table 1 below.

Table 1 - Key Funding Sources for Transportation Projects In Pendleton

Grant Program Name	Definition of Program	Funding Source(s)	Current Services
Transportation Services Fund 225	Provides general public and senior/disabled citizens with transportation options by contracting with private taxi company to increase transportation options.	Umatilla County Special Transportation Fund, Umatilla County Discretion Fund, Small Cities.	Senior/disabled citizens take the form of subsidized taxi tickets and citizens, who have been determined by the City to be eligible for the program, receive a packet of taxi tickets. One ticket plus a small fee paid of \$1.75 directly to the taxi company is good for a one-way ride. The program also provides subscription rides to designated places for \$1 per one-way ride.
State Tax Street Fund 210	Each time gas is purchase in Oregon, a small portion of that money goes to repair and maintain streets.	State of Oregon and Federal Aid Urban (FAU).	This program provides for the cleaning and maintenance for every roadway type including state highways, storm drainage catch basins, costs for city street lights, and the inclement weather services necessary to keep the streets, public stairways, parking lots, bridges, and public sidewalks passable.
Bike Fund 212	The fund receives one percent of the state road tax, which is set aside for bike lanes and other alternative modes of transportation. These amounts are used to construct and maintain City's bike lanes.	The primary revenue source for the fund is one percent of the City's share of the State's tax funds.	This program makes expenditures related to the construction and maintenance of the City's bike lanes.
System Development Fees Fund 289	Resources for this fund are from development fees assessed at the time of new development.	System Development Fees Fund consists of revenues from the following three transportation-related sources: estimated traffic impact fees, assessment payments, and investment income.	The System Development Fees Fund holds system development fees in reserve until the development of the infrastructure is assessed for and made. Separate system development fees are being developed for water, sewer, and storm systems.

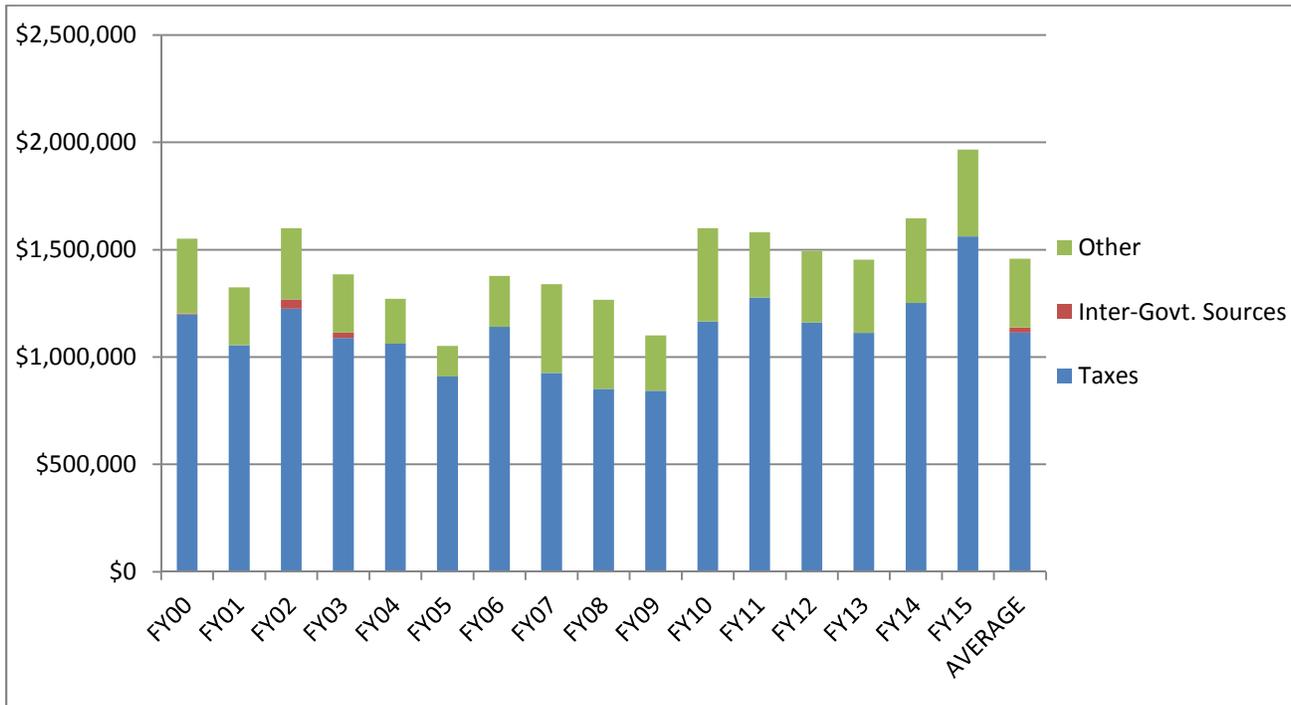
Source: City of Pendleton, 2015

SPECIAL REVENUE SOURCES

As outlined in Table 1, there are four major funding programs within the City of Pendleton's budget. Each funding program has a self-contained set of financial books. The City uses the modified accrual basis for accounting for governmental fund types including special revenue sources. Exhibit 1 displays the total special revenue funds by year to support transportation projects within the city over the past fifteen years. The total for each amount depends on outside revenue such as grants, taxes, or state and federal money.

Based on a detailed summary of historical revenue (see *Appendix A*), the City of Pendleton has generated an average of \$1,437,999 per year in total revenue for transportation related projects. As seen in Exhibit 1, total revenue funds have significantly increased from FY 2009-2010 (\$1,110,768) to FY 2015-2016 (\$1,965,450) due to additional monies from the Transportation Program, State Tax Street Fund, and Bike Fund. Although not illustrated in the exhibit, the largest revenue source for the city has traditionally been the motor vehicle tax source. Inter-Government Services were not reported on a regular yearly basis; therefore, averages for this revenue source do not reflect a fifteen year range.

Exhibit 1 - City of Pendleton Total Revenue Funds, FY 00 to 15



In the past fifteen years, there has been a consistent amount of tax dollar revenue in Pendleton. The most significant increase in taxes occurred during the current fiscal cycle, 2015-2016 (Exhibit 1). This was due to an increase in tax dollars from the Transportation Program and the State Tax Street Fund. The average amount of tax dollar revenue over the past fifteen years is \$1,114,402 per year.

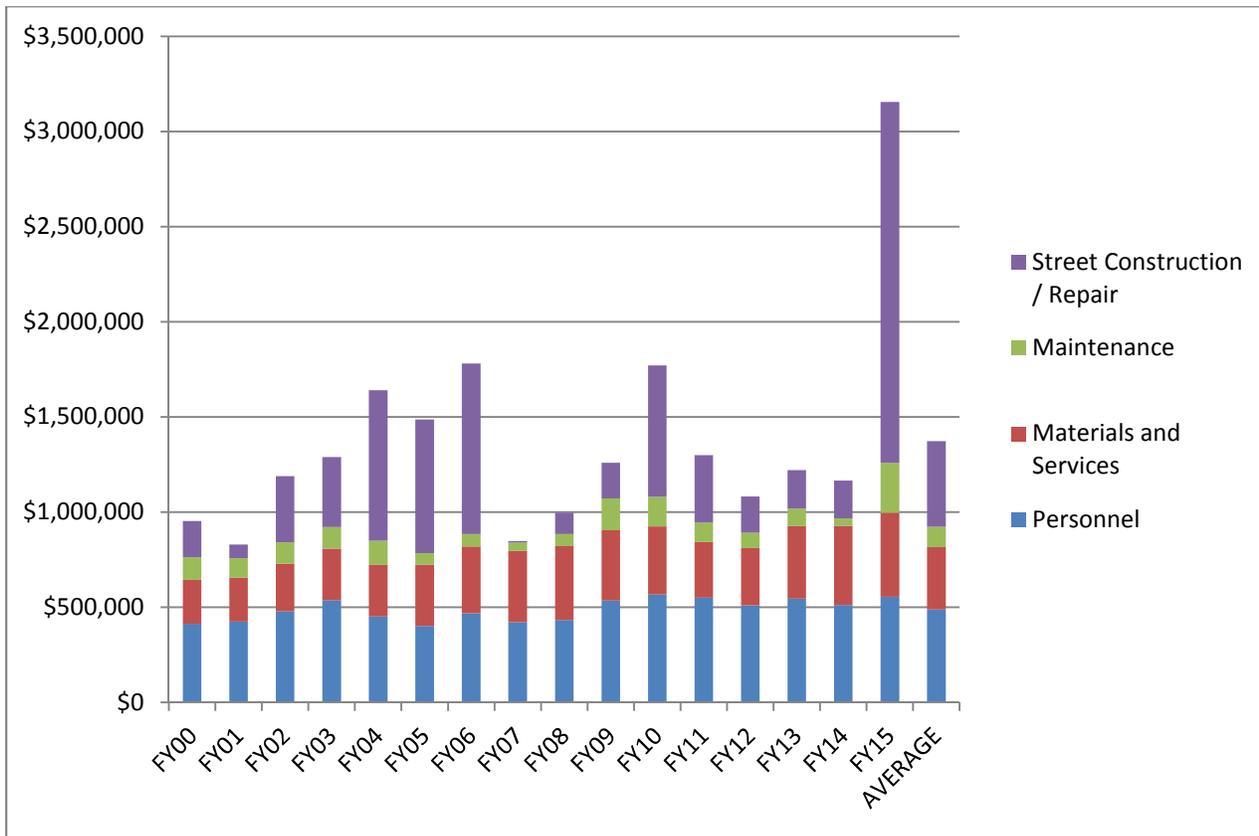
The ‘other’ category, which includes miscellaneous revenue, has experienced a few periods of influx and efflux, but overall there has been an increase in funds when comparing FY 2000-2001 (\$348,598) and FY 2015-2016 (\$404,650). The most significant increase in other revenues was FY 2010-2011 (Exhibit 1). This was due to an additional \$198,267 in the State Tax Street fund. The average amount of other revenue over the past fifteen years is \$319,128.

EXPENDITURE HISTORY

Pendleton’s expenses can be simplified to four sources: personnel, materials and services, maintenance, and street construction and repair. Personnel expenses are attributed to City employees’ wages, benefits, trainings, and payroll taxes. The material expense is synonymous with items that go into manufacturing of City property. Maintenance expenses are associated with the costs associated with regular upkeep of City road facilities. Street construction and repair expenses are any road construction-related costs. A detailed summary of total transportation related expenditures over the last 15 years is provided in *Appendix A*.

Based on the information shown in Exhibit 2, the City of Pendleton has spent an average of \$488,617 per year on personnel (or approximately 36 percent of available resources); \$328,009 on materials and services (or approximately 24 percent), \$106,351 on maintenance (or approximately 8 percent), and \$450,671 on street construction/repair (or approximately 33 percent). Over the past fifteen years, there was an average of \$1,373,648 total expenditure dollars used each year.

Exhibit 2 - City of Pendleton Total Expenditures, FY 00-15



Personnel charges have been the City's largest expense over the past fifteen years. The most significant increase in personnel expenses occurred in FY 2010-2011 (Exhibit 2). This is linked to a \$31,422 increase in the State Tax Street Fund. The average amount of personnel charges over the past fifteen years was \$488,617 per year.

The second largest expense in Pendleton over the past fifteen years was street construction and repair. The largest increase in street construction and repair expenses occurred during the current fiscal year, 2015-2016 (Exhibit 2). Total street expenses climbed \$1,696,925 from FY 2014-2015 to FY 2015-2016. This was due to a large increase from the previous fiscal year in the Transportation Program (\$129,960 additional funds) State Tax Street Fund (\$614,211 increase), and System Development Fees Fund 289 (\$952,754 increase). The average amount of street construction and repair charges over the past fifteen years was \$450,671 per year.

PROJECTED TRANSPORTATION FUNDING

Table 2 provides a summary of the potential future project funding (in year 2015 dollars) over the next five, ten, and twenty years based on an assumed average funding level of approximately \$2,811,647 per year.

Table 2 - Future Transportation Funding Projections

Revenue Source	Average Annual	5-Year Forecast	10-Year Forecast	20-Year Forecast
Total Revenue	\$2,811,647	\$3,680,070	\$4,027,439	\$4,722,178
Revenue for Capital Improvements (51%)	\$1,437,999	\$1,690,947	\$1,792,126	\$1,994,485
Revenue for Personnel/Overhead/Maintenance (49%)	\$1,373,648	\$1,989,123	\$2,235,313	\$2,727,693

POTENTIAL FUNDING SOURCES

The projected transportation funding analysis shows that the City of Pendleton will likely have very little funds that can be dedicated to transportation-related capital improvement projects over the next twenty years. As such, the City is going to have to continue to rely upon transportation improvement grants, partnerships with regional and state agencies, and other funding sources to help implement future transportation-related improvements. Table 3 identifies a list of potential grant sources and partnering opportunities for the City to consider during the course of the TSP Update. Table 4 identifies a list of potential new funding sources for the City to consider in an effort to bolster funds for additional capital improvement projects.

Table 3 - Potential Grant Sources and Partnering Opportunities

Funding Source	Description	Potential Facility Benefit	Opportunities
Federal Funding	Large trails or trail networks with a transportation purpose can compete for TIGER grant awards. Additional significant federal funding sources include TAP, STP and CMAQ. Depending upon the location and purpose, trails can also be funded by HUD CDBG funds, USDA rural development programs, or EPA funding.	- Multi-Use Trails	Projects in urban areas have traditionally been funded at a minimum of \$10,000,000 and rural trails of lower project costs are considered for TIGER funding.
Statewide Transportation Improvement Program (STIP)	The Statewide Transportation Improvement Program (STIP) is Oregon's 4-year capital improvement program for major state and regional transportation facilities. This scheduling and funding document is updated every two years. Projects included on the STIP are allocated into the five different ODOT regions.	- Sidewalks - Bike lanes - Multi-Use Trails	The next STIP (2018-2021) will be organized into two different categories that focus on projects that will fix/preserve the existing transportation network and enhance/improve the transportation network.
Oregon Bicycle and Pedestrian Program	The Oregon Pedestrian and Bicycle Grant program ended as a standalone solicitation process in 2012. Grant monies are now distributed through the "Enhance" process in the STIP program noted above.	See STIP above	See STIP above.
Oregon Parks and Recreation Funds	Recreational Trails Grants are federal funds managed by the Oregon Parks and Recreation Department (OPRD) for recreational trail-related projects, such as hiking, running, bicycling, off-road motorcycling and all-terrain vehicle riding. ORPD also has state funded grant programs open to bike/ped projects.	- Multi-Use Trails	OPRD distributes more than \$4 million annually to Oregon communities for outdoor recreation projects, and has awarded more than \$40 million in grants across the state since 1999. Grants can be awarded to non-profits, cities, counties, and state and federal agencies.
Public/Private Partnerships	Public/private partnerships are agreements between public and private partners that can benefit from the same improvements. They have been used in several places around the country to provide public transportation amenities within the public right-of-way in exchange for operational revenue from the facilities.	- Sidewalks - Bike lanes - Multi-Use Trails - Transit	These partnerships could be used to provide services such as charging stations, public parking lots, bicycle lockers, or carshare facilities. In Pendleton, partnerships for the installation of bicycle parking facilities, particularly for businesses in downtown, would be one potential opportunity.
Community Service Projects	Small-scale improvements could be organized, led and conducted by various members of the community to help implement and offset the costs of larger infrastructure projects.	- Multi-Use Trails - Sidewalk/bike lane enhancements	Community service projects could be used to help clear brush for trail enhancement projects, remove goatheads, or improve existing walking /biking trails within the City
Immediate Opportunity Fund (IOF)	The IOF is a discretionary fund that can be used for the construction and improvement of streets and roads that are needed to support primary economic development.	- Sidewalks - Bike lanes	Pendleton might be able to benefit from IOF funding as they can be used for projects that affirm job retention or create job opportunities, revitalize business or industrial centers, or create project ready industrial sites.

Table 4 - Potential New Funding Sources for Consideration in Pendleton

Funding Source	Description	Potential Facility Benefit	Opportunities
User Fees	Fees tacked onto a monthly utility bill or tied to the annual registration of a vehicle to pay for improvements, expansion, and maintenance to the street system. This may be a more equitable assessment given the varying fuel efficiency of vehicles. Regardless of fuel efficiency, passenger vehicles do equal damage to the street system.	Primarily Street Improvements	The cost of implementing such a system could be prohibitive given the need to track the number of vehicle miles traveled in every vehicle. Additionally, a user fee specific to a single jurisdiction does not account for the street use from vehicles registered in other jurisdictions.
Street Utility Fees/Road Maintenance Fee	The fee is based on the number of trips a particular land use generates and is usually collected through a regular utility bill. For the communities in Oregon that have adopted this approach, it provides a stable source of revenue to pay for street maintenance allowing for safe and efficient movement of people, goods, and services.	Preservation, restoration, and reconstruction of existing paved residential streets. Includes sidewalks, ramps, curbs and gutters, and utility relocation.	Pendleton adopted the Street Maintenance Utility Fee in October 2016, which enables a \$5.00 monthly fee charged to residential meters. It is estimated that the fee will generate approximately \$481,000 per year from residential uses.
Local Fuel Tax	A local tax assessed on fuel purchased within the jurisdiction that has assessed the tax.	Limited to street maintenance, preservation and reconstruction of existing paved residential streets	This tax was voted on in October 2015 and subsequently not approved. If it was approved, it was estimated that it would raise approximately \$550,000 per year for the next ten years.
Optional Tax	A tax that is paid at the option of the taxpayer to fund improvements. Usually not a legislative requirement to pay the tax and paid at the time other taxes are collected, optional taxes are usually less controversial and easily collected since they require the taxpayer to decide whether or not to pay the additional tax.	<ul style="list-style-type: none"> - Streets - Sidewalks - Bike lanes - Multi-Use Trails - Transit 	The voluntary nature of the tax limits the reliability and stableness of the funding source.
Sponsorship	Financial backing of a project by a private corporation or public interest group, as a means of enhancing its corporate image.	<ul style="list-style-type: none"> - Multi-Use Trails - Transit 	<p>Sponsorship has primarily been used by transit providers to help offset the cost of providing transit services and maintaining transit related improvements.</p> <p>Potential sponsorship opportunities could potentially include the Pendleton Round-Up.</p>
Federal Funding	Trails with a transportation purpose can compete for TIGER grant awards. Depending upon the location and purpose, trails can also be funded by HUD, CDBG funds, USDA rural development programs, or EPA funding.	- Trails	Projects in urban areas have traditionally been funded at a minimum of \$10,000,000 and rural trails of lower project costs are considered for TIGER funding.

TRANSIT FUNDING

A review transit-related funding opportunities and a review historical funding expenditures is provided in the following section.

FUNDING OPPORTUNITIES

A variety of funding sources exist to help support public transportation. Program eligibility, match requirements, and use of funding vary by program and whether distributed at the federal, state, or local level. This section describes the funding sources available, some of which the City of Pendleton already receives.

Federal

The Moving Ahead for Progress in the 21st Century Act (MAP-21) provided funding and authorization for federal surface transportation programs through the end of federal fiscal year (FY) 2014. To allow more time for development and consideration of a long-term reauthorization of surface transportation programs, Congress has enacted a series of short term extensions of the law.

In July 2015, the Senate voted 65-34 for the Developing a Reliable and Innovative Vision for the Economy Act (DRIVE Act), a six-year authorization of surface transportation programs with three years of funding. In October 2015, the House approved a six-year transportation reauthorization bill, called the Surface Transportation Reauthorization and Reform (STRR) Act (H.R. 3763), by a 363 to 64 vote. The STRR Act would provide ~\$325 billion in new contract authority for the nation's infrastructure. The conference process between the House and Senate to resolve differences between the two versions is anticipated to be complete before November 20, 2015 (the expiration of the current extension of the program).

Under the current MAP-21 framework, four primary Federal Transit Administration (FTA) formula programs are applicable to transit funding for Pendleton. In addition, funds from several programs administered by the Federal Highway Administration are able to be transferred (or "flexed") for public transportation projects. Transferred funds may be awarded by the State Department of Transportation to local governments or non-profit service providers eligible for FTA programs.

Formula Grants for Rural Areas Program (FTA Section 5311): The program provides capital, planning, and operating assistance to support public transportation in rural areas with populations less than 50,000. The Oregon Department of Transportation (ODOT) administers the program to pre-qualified local governments, non-profit organizations, and tribal jurisdictions operating transit services in rural communities. ODOT provides a \$50,000 annual base for each subrecipient with proportional consideration of rural service miles and rides (service miles at 60% and rides at 40%) included. Depending upon resources available, the formula is adjusted to maintain programs at prior levels and

allow increases for improved performance. Within the Formula Grants for Rural Areas Program, 15% of the funding for each state is set-aside to fund intercity bus services administered by ODOT.

Public Transportation on Indian Reservations Program (Tribal Transit Program): Section 5311(j) of MAP-21 is a set-aside from the Formula Grants for Rural Areas program for federally-recognized tribes. It includes a \$25 million formula program and a \$5 million discretionary grant program administered by the US DOT. The program consists of a three-tier structure for formula funds, based on vehicle revenue miles and service to low income persons. Funds can be used for public transportation capital projects, operating costs of equipment and facilities, transit planning, and acquisition of public transportation services, including service agreements with private providers of public transportation services. Funding may be used for planning, start-up transit service, enhancement of existing services, purchase of transit capital items (including vehicles), and operating expenses. Operating expenses include fuel, oil, driver and dispatcher salaries, fringe benefits, and licenses. A 10 percent local match is generally required under the discretionary program; however, there is no local match required under the formula program.

Enhanced Mobility of Seniors and Individuals with Disabilities Program (FTA Section 5310): The 5310 program supports transportation services planned, designed, and carried out to meet the special transportation needs of seniors and individuals with disabilities in large urbanized areas, small urbanized areas, and rural areas. Eligible projects include both traditional capital investment and nontraditional investment beyond the Americans with Disabilities Act (ADA) complementary paratransit services. The program was created in MAP-21 and consolidates the New Freedom Program (5317) and Elderly and Disabled Program (5310). A local match of 10.27% is required for capital or purchased service projects, and a 50% local match is required for direct operations.

Under MAP-21, the FTA apportions 60 percent of the funds to large urbanized areas, 20 percent to States for areas under 200,000 in population (small urbanized areas), and 20 percent to States for areas under 50,000 in population. For small urbanized areas, States are responsible for suballocating the funds to the small urbanized areas. ODOT distributes this funding biannually to improve service to the special needs, seniors, and other transit-dependent populations beyond traditional services. Typical projects include vehicle fleet growth and maintenance, facilities, signs, equipment, and purchased service. This allows service providers to maintain assets and services that are safe, in good condition, and designed appropriately for the specified routes and services. Funds can also be used to provide operations, travel training, and information for seniors and individuals with disabilities.

Bus and Bus Facilities Formula Grants Program (FTA Section 5339): The 5339 formula program was created in MAP-21 and replaces a portion of the previous 5309 State of Good Repair discretionary grant program. The new program provides capital funding related to replacement, rehabilitation, or purchase of buses, vans, related equipment, and bus-related facilities. ODOT distributes 5339 funds allocated to the state to other eligible recipients, including local governments and non-profit organizations that operate fixed route services. While the 2015 solicitation was the first cycle of the new program,

Pendleton or Kayak Public Transit may be able to apply to ODOT for these funds in the future. A 17% local match is generally required; to purchase non-ADA vehicles, the match rises to 20%.

State

Special Transportation Fund (STF): The STF Program provides a flexible, coordinated, reliable and continuing source of revenue in support of transportation services for seniors and people with disabilities of any age. The Oregon Legislature intended that STF funds be used to provide transportation services needed to access health, education, work, and social/recreational opportunities so that seniors and people with disabilities may live as independently and productively as possible. The funds may be used for any purpose directly related to transportation services, including transit operations, capital equipment, planning, travel training, and other transit-related purposes. The STF is divided into two accounts: STF Formula Program and STF Discretionary Grant Account. Funds are provided to 42 STF agencies designated by statute (transportation districts, county governments where no transportation districts exist, and federally recognized tribal governments) with an annual formula-based allocation of state funds from state cigarette taxes (2 cents per pack) and other sources. There is no match requirement for use of STF funds, and STF funds are often used as a source of local match for federal funding. During the 2011-2013 biennial budget period, the funds amounted to \$17 million. One issue affecting this funding source is that smoking rates per capita are on a general decline, which is likely why the state Legislative Assembly added new funding sources to the STF from Oregon's Transportation Operating Funds and revenue from DMV identification cards in 2003.

State Transportation Improvement Program (STIP) Enhance Program: Starting in summer 2012, the STIP program has been divided into two broad funding categories: Fix-It (76% of funds) and Enhance (24% of funds). Enhance funds are awarded to transportation projects that enhance, expand, or improve the transportation system. Projects are selected by the Oregon Transportation Commission based on recommendations developed by local governments, public agencies, and citizen representatives. The \$30 million Enhance program for years 2019-2021 is for non-highway projects.

ConnectOregon Program: This program uses lottery-backed bonds to support multimodal transportation, including transit, rail, marine, aviation and bicycle and pedestrian capital infrastructure, including bridges, paths and ways, or a project that facilitates the transportation of materials, animals or people. The program does not fund costs associated with operating expenses or the purchase of bicycles.

ConnectOregon provides funding for up to 70% of project costs. A minimum 30% local match is required. Projects eligible for funding from state fuel tax revenues are not eligible for *ConnectOregon* funding, which is intended to provide local governments and businesses with sufficient capital and technical capacity (i.e. engineering, planning, labor and/or equipment) to undertake multimodal transportation projects. The latest round of funding, *ConnectOregon VI*, had \$45 million available for distribution. There are six considerations used when selecting *ConnectOregon VI* projects.

1. Whether a proposed transportation project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor;
2. Whether a proposed transportation project results in an economic benefit to this state;
3. Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system;
4. How much of the cost of a proposed transportation project can be borne by the applicant and from any source other than the Multimodal Transportation Fund;
5. Whether a proposed transportation project is ready for construction; and
6. Whether a proposed transportation project has a useful life expectancy that offers maximum benefit to the state.

Local Funding

Local sources of funding will be an important revenue stream for any existing or future service delivery models in Pendleton, particularly to sustain the service after any initial startup funds that are unavailable for operations are used. A local funding match is also required for many of the federal funding sources discussed above. This section describes potential dedicated revenue sources for local transit services and provides high-level, conceptual estimates to illustrate their potential.

Local Transit Access Fee: A transit access fee, sometimes referred to as a utility fee, is paid by households and potentially businesses within a transit provider's service area to support transit service over time. Revenue from this type of source can be used for capital, administrative, or operating expenses. Transit access fees are typically charged monthly and range between \$1 and \$5 per household. Revenue from transit access fees can be a long-term, stable source of funds, since the fee is charged to each household in a jurisdiction. The cost of the fee is borne by all households and is a relatively minor charge. The City could administer such a fee as part of the regular billing cycle for electric service, water service, surface water management, and sewer.

Property Tax: Property taxes generate revenues based on property value assessments. General fund monies used for transit operations often come from local property taxes, but property tax levies are also potential sources for dedicated transit revenues. However, the Oregon Constitution sets limits on the amount of property taxes that can be collected. These limits are often called the "Measure 5 limits" and when taxes in certain categories exceed the limit for that property, the taxes are reduced or "compressed" until the limit is reached. Local option taxes are compressed first. If the local option tax is compressed to zero, and the limit still hasn't been reached, only then are other taxes in the category proportionally reduced.

Payroll Tax: A payroll tax is imposed directly on employers, based on wages paid to employees, and on self-employed workers. Revenues generated by a payroll tax can be used for any purpose, including capital, operating, and administrative purposes. However, this funding source is eligible only to transit districts, which does not currently exist in Pendleton. Other cities employing a payroll tax to fund

transit services include Wilsonville - SMART: 0.5%; Canby - Canby Area Transit: 0.6%; Sandy - Sandy Area Metro: 0.6%.

Public-Private Partnerships: A public private partnership is a mutually beneficial agreement between entities that seek to increase revenues or improve the value of an asset. Such arrangements can involve a direct monetary contribution, such as for service to an employment site or college, or a sponsorship of facilities such as transit shelters or vehicles. Potential public-private partnerships include:

- Major employers (funding for employer-oriented services)
- Educational institutions, such as the Pendleton School District
- Medical institutions, such as St Anthony Hospitals
- Churches (Sunday service)
- Chamber of Commerce (tourism or special events)

Fares: Fares comprise a relatively small component of transit operating revenues, typically about 10%. Fareless systems provide community benefits primarily through increased ridership and administrative and operating efficiency savings. At the same time, many communities have found that even a nominal fare can help create community buy in and support for the system.

The above strategies are most relevant to the Pendleton community. Yet communities across the country have found unique ways to fund transit. Some additional ideas include:

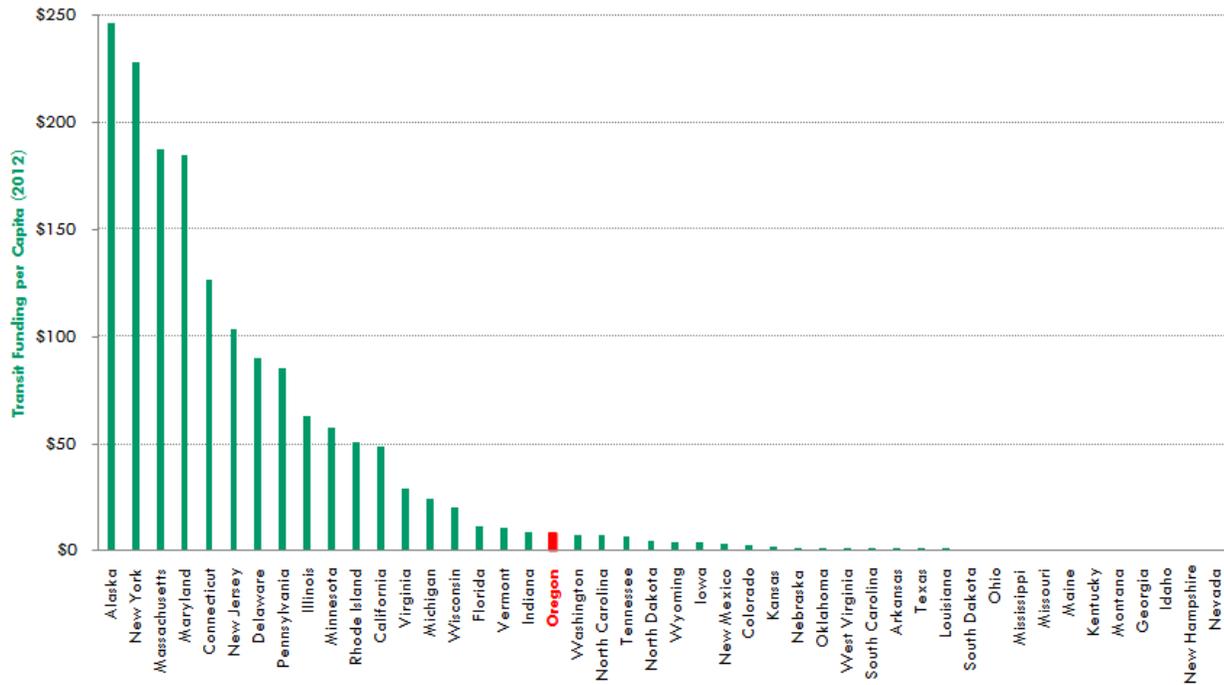
- Rental car tax
- Vehicle registration fees
- Development impact fees
- Tax on alcohol
- Fuel wholesale tax
- Business Improvement District
- Passenger tire tax
- Mortgage recording fees

LOCAL TRANSIT FUNDING TRENDS

Oregon Department of Transportation (ODOT)

The state of Oregon ranks 20th of states (including the District of Columbia) in terms of transit funding per capita, at \$8.38 in 2012 (see Exhibit 3).

Exhibit 3 - Transit Funding Per Capita



Source: AASHTO Survey of State Funding for Public Transportation (2014)

Note: Alabama, Arizona, Hawaii, and Utah had no state funding for transit in 2012

ODOT provides funding for public transportation to several different service providers in the Pendleton area. Recipients include the City of Pendleton, the Community Action Program of East Central Oregon, the Confederated Tribes of the Umatilla Indian Reservation, and Umatilla County. In general, state and federal transit funding distributed to the region has been increasing over time, as shown in Table 5. In the 2013-2015 biennium, funds for the region totaled nearly \$2 million.

Table 5 - ODOT Public Transportation Funding Distribution in Region 5

	2007-2009	2009-2011	2011-2013	2013-2015
City of Pendleton	\$281,915	\$409,436	\$318,560	\$482,896
Community Action Program of East Central Oregon			\$68,266	
Confederated Tribes of the Umatilla Indian Reservation	\$308,435	\$570,470	\$895,419	\$1,007,845
Umatilla County	\$240,852	\$484,902	\$284,328	\$451,593
TOTAL	\$831,202	\$1,464,808	\$1,566,573	\$1,942,334

Source: ODOT

City of Pendleton

Revenues

The City of Pendleton has provided increasing levels of support over time for transit (Let'er Bus program) for city residents. A variety of federal, state, and local funding sources are regularly used to support public transportation as described below. The City of Pendleton provided data on transit revenues for a 6-year history covering 2009-2015.

Funding from state revenues, including the state apportionment of federal programs such as 5310 and 5311 has grown over time. Notably Farebox Taxi Ticket levels have also steadily increased over time, from \$0 in 2009 and 2010 to \$11,792 in 2011 and \$22,413 in just the first half of 2015. Transfers from the General Fund have remained relatively steady at \$20,000 per year and increased slightly to \$22,500 per year since 2014. The amount of beginning working capital allocated to the transportation program fund has increased steadily over the years (Exhibit 4).

These investments are supporting increasing ridership levels in Pendleton. Programs currently funded include Senior Meal, Daily Van, Summer Seasonal, Aquatic Recreation, Care-Ride, Elite Transit, and Senior Taxi as shown in Exhibit 5. There is no fare collected for the summer seasonal services, Care-Ride, or Aquatic.

A more detailed look at the various funding sources encompassed within a typical year of transit funding is shown in Exhibit 4.

Exhibit 4 - Transportation by Revenue Source, FY 09-15

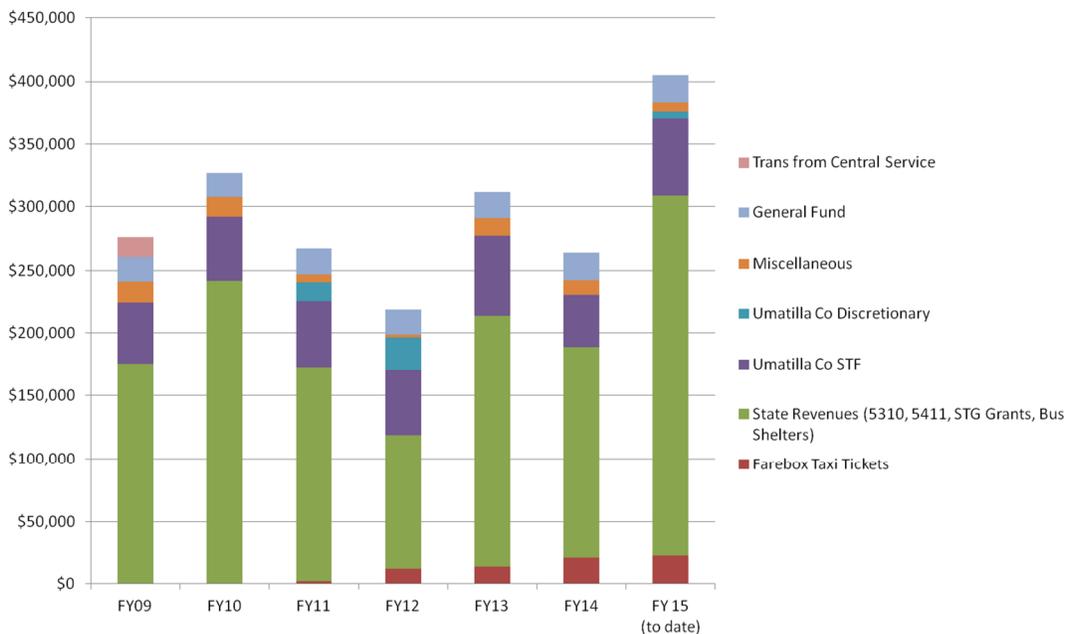
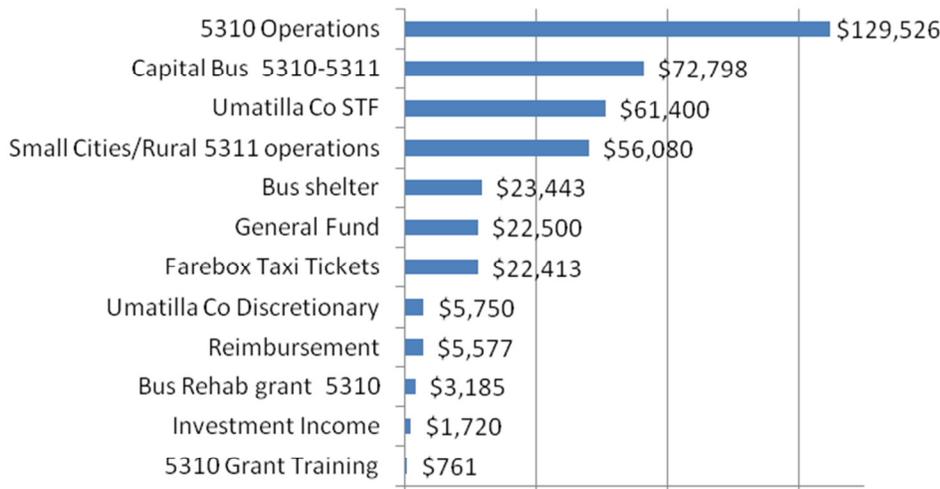


Exhibit 5 - FY 15 Budget To Date Revenue Sources (Total Revenues \$302,517)



Ridership vs. Expenditures

Exhibit 6 presents ridership by program type. Beginning with just a few programs, the city has added services over time, such as Elite Transit in FY 2011 and the senior tax in FY 13. Costs, in turn, have continued to rise (see Exhibit 7).

Exhibit 6 - Let'er Bus Ridership, FY 00-15

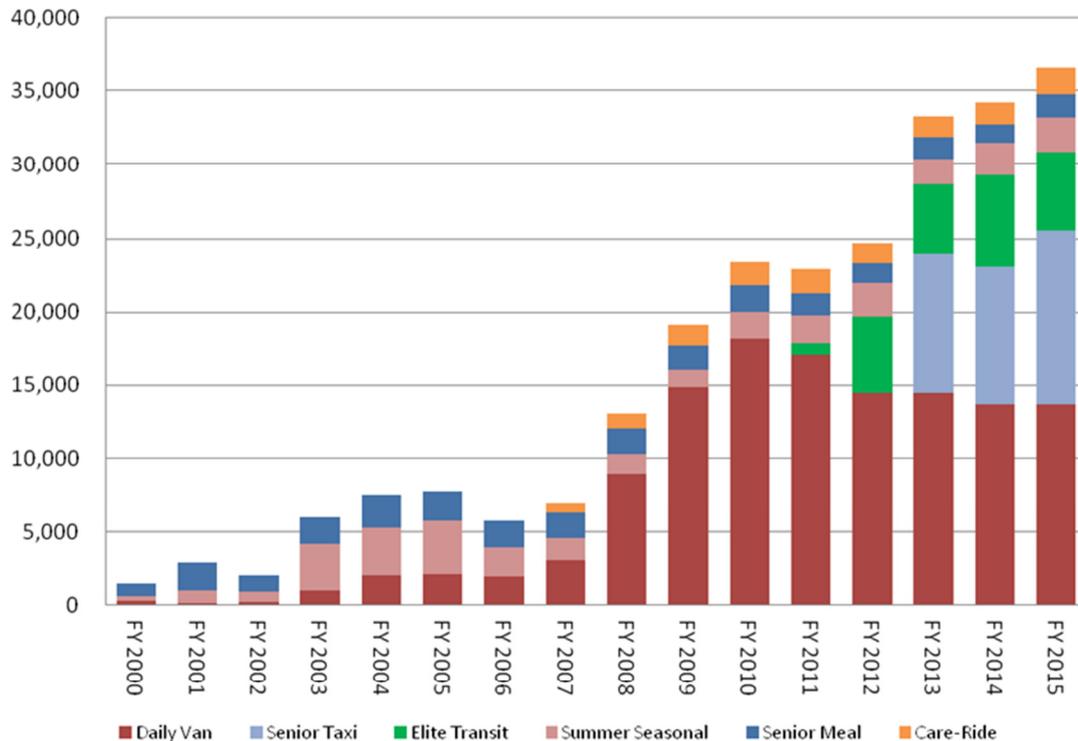
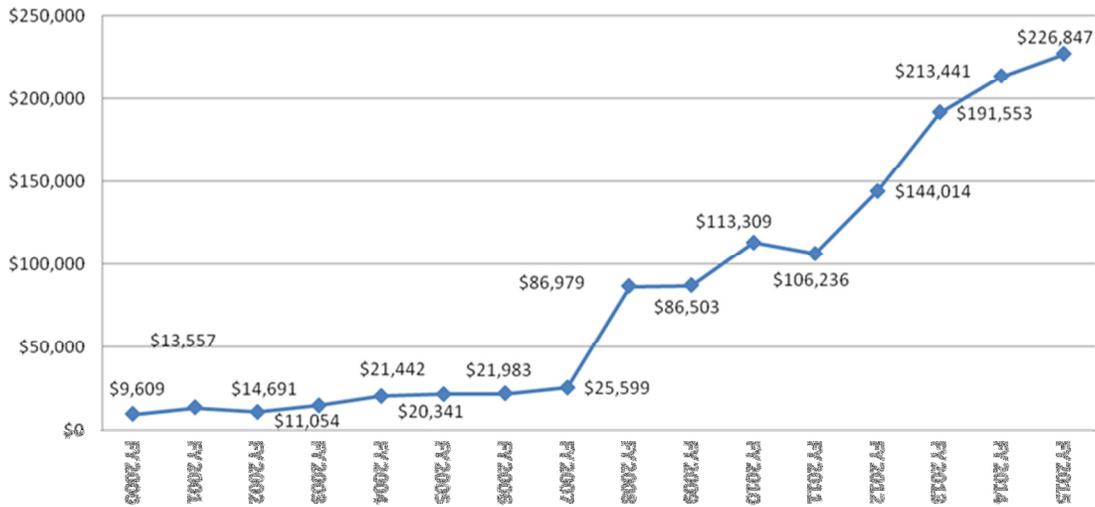


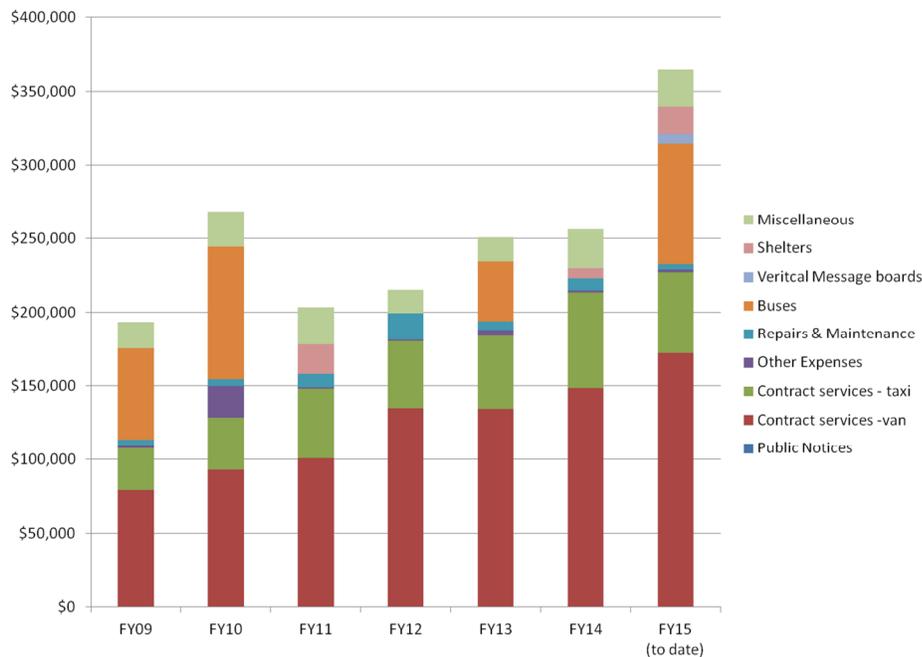
Exhibit 7 - Let'er Bus Operational Cost, FY 00-15



Expenditures

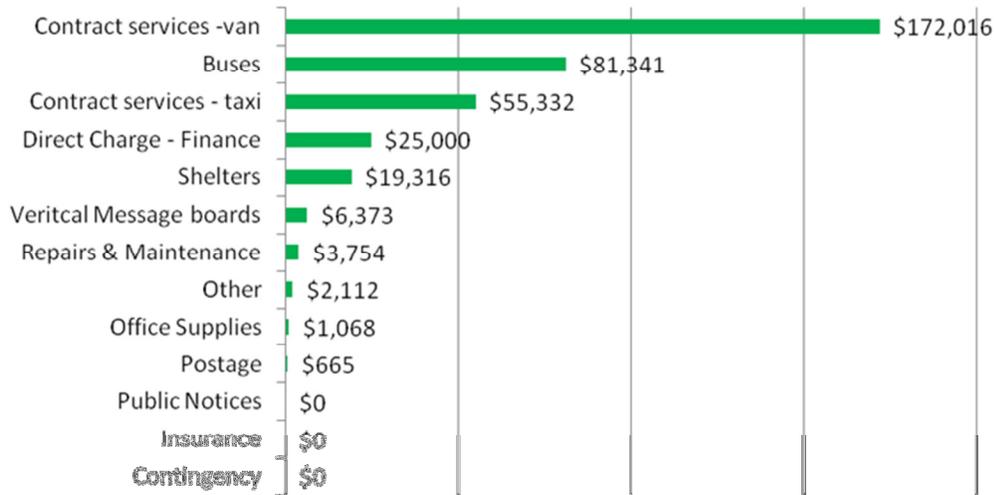
Expenditures for public transportation in Pendleton include taxi and van contract services, repairs & maintenance, Buses, Vertical Message boards, and bus shelters, as well as Public Notices, auditing services and consultants, insurance, and office supplies. The three largest expenses are taxi and van contract services and bus purchases, as shown in Exhibit 8. Contract service costs have risen as the city provides more service. The City of Pendleton provided expenses by line item for a 6-year history from 2009-2015.

Exhibit 8 - Transit Expenditures, FY 09-15



Total expenses with more detailed line items costs for FY 15 are shown in Exhibit 9. Note that the city always has a carryover balance from previous years as described in the revenues section, shown as a line item called “beginning working capital,” therefore the budget does balance.

Exhibit 9 - FY 15 Adopted Budget Expenditures for Public Transportation (Total Expenses \$366,976)



Cost Effectiveness

Key service efficiency metrics used in the public transportation industry include the following metrics. How transit agencies perform at each of these varies widely based upon geographic context, land uses, and other factors.

- Cost per rider – This metric evaluates the cost to transport each individual rider. As more riders are grouped onto the same vehicle, this metric declines. For example, Daily Van manifests provided for two weekdays in 2015 showed that on a typical day, numerous trips carried more than one passenger in the vehicle at a time. Costs per rider vary greatly based upon trip length, service boundary, and other factors. For example, demand-response systems might experience costs ranging from \$7 per rider to \$45 per rider. According to the Rural Transit Fact Book produced by the National Center for Transit Research, rural demand-response providers experience an average cost per trip of \$18.86¹.
- Cost per revenue hour. This metric shows how efficiently the transit provider can provide service. For demand-response programs such as Let'er Bus, costs per hour vary widely from

¹ National Center for Transit Research. Rural Transit Fact Book.

<http://www.surtc.org/transitfactbook/downloads/2014-rural-transit-fact-book.pdf>. 2014. Page 20. Note that this fact book relies upon data reported to the rural National Transit Database program. Very small operators like Pendleton, with less than 9 vehicles, do not report to NTD, therefore the metrics may not be directly comparable.

\$10-\$60, depending upon the service area size, average trip length, and organizational setup. For example, if multiple providers share one dispatcher, costs per revenue decline for each individual provider. This metric is not included in the rural fact book; however, Oregon's rural transit peers have a median cost per revenue hour of \$54.

- Riders per revenue hour. This metric shows how much transit is consumed by the public. For demand-response services, transporting two passengers per revenue hour is a good goal. Given the small service area of Let'er Bus, and the short trip length, demand-response programs might achieve even more riders per hour. According to the Rural Transit Fact Book, demand-response systems average 1.8 passenger per hour; demand-response taxi programs average 2.2 passenger per hour².

It should be noted that a community's decision to fund public transportation and its goals determine how to interpret cost-effectiveness data. If the community values transportation for those who need it, then metrics such as riders per hour may be less important than ensuring everyone has access to service.

In terms of cost-effectiveness, Pendleton's different programs incur a range of costs per trip and per hour. Table 6 displays total riders and total cost by program. The Daily Van program, which is open to the general public, has the highest ridership and the highest cost, followed by the senior and disabled taxi. Elite Transit, which began just a few years earlier, is the third largest program. Operating the entire program for FY 15 cost \$226,847.

Some key assumptions have been made in the table below regarding annual service hours. The programs under evaluation all run as demand-response and are provided by a contractor. Most vehicles in a demand-response system experience some down time, or time not spent in revenue service, which would not be billed to the City of Pendleton. To obtain an estimate of service hours per year, the following assumptions were made:

- Began with a base of service hours per day. For example, Daily Van runs 350 days per year (every day except holidays) and assumes 16 holidays. Service runs from 7 am to 7 pm, or 12 hours per day.
- Daily Van manifests from 9/29/15 and 9/30/15 were used to estimate down time, or non revenue service. The Daily Van manifest is set up showing 15-minute increments over the 12-hour service day. Passenger pick up and drop off locations are listed alongside the time of day when the trip was provided. Of the 12 hour service day for Daily Van, an average of 13 of the 15-minute time slots were not listed as having any passengers, or 3.75 hours.

² Rural Transit Fact Book 22

Therefore this analysis assumes that on average, 27% of the 12-hour service day is not spent in revenue service.

- This percentage was carried into the Elite Transit and Senior Taxi programs as well, which have defined service hours and days.
- This analysis assumes that one vehicle is typically in revenue service at a given time. If multiple vehicles are used, then revenue hours would increase.

As shown in Table 6, Elite Transit has the highest cost per rider. The contract amount provided for taxi service has risen from \$28,675 in 2009 to \$55,332 in 2015. Still, \$8.79 is relatively inexpensive for a curb-to-curb demand-response trip. The taxi contract also includes the senior and disabled taxi program. Interestingly, the cost per rider for Elite Transit is much higher than for the senior taxi program, even though both are served by the same provider (Elite Taxi). In terms of cost per hour, the Daily Van costs are about on par but a bit high for an area the size of Pendleton. For example, the dial-a-ride service in Milton-Freewater costs \$26.36 per hour according to 2013 NTD data. On a per-hour basis, Elite Transit’s cost is quite low. In terms of riders per hour, both Daily Van and Senior Taxi are very low. This means the system has low utilization compared to the amount of service provided.

Table 6 - Efficiency by Program, FY 15

Service	Total Riders	Total Cost	Annual Service Hours (Estimate)	Cost per Rider	Cost per Hour	Riders per Hour
Elite Transit	5,265	\$46,295.20	5,600	\$8.79	\$8.27	1.06
Care-Ride	1,833	\$14,568.90	On Demand	\$7.95	NA	NA
Daily Van	13,713	\$97,561.18	2,756	\$7.11	\$35.39	0.20
Senior Taxi	11,846	\$57,175.55	3,500	\$4.83	\$16.34	0.30
Senior Meal	1,568	\$6,490.00	On Demand	\$4.14	NA	NA
Aquatic	396	\$1,267.94	Seasonal	\$3.20	NA	NA
Rec	1,991	\$3,488.61	Seasonal	\$1.75	NA	NA
Total	36,612	\$226,847.38	Average	\$6.20		

TRANSIT FUNDING CONCLUSION

For its population size, Oregon distributes transit funds at a level similar to neighboring states such as Washington and Wyoming. The state ranks slightly above the middle of the pack (19th) on a per capita basis, and has created its own unique funding stream (STF) to specifically transport older adults and people with disabilities. During the past several years, Let'er Bus has experienced large increases in ridership, and the city and state have responded by providing more funding to meet needs. Local dollars supporting transit have remained steady at around \$20,000; Pendleton has been able to draw an increasing portion of state and federal funds to expand services without straining local resources.

Given demographic trends that indicate need will continue to increase with an older adult population, the city may need to diversify its local and state/federal sources to continue supporting public

transportation. The city may also consider ways to increase the cost-effectiveness of its existing services. Potential funding strategies to pursue include:

- **Partnerships:** Blue Mountain Community College currently pays for passes. Expanding to other major employers, such as Keystone, or to other key destinations would build a broader base for transit.
- **Coordination:** Umatilla County is currently updating its Human Services Coordinated Transportation Plan for ODOT. This opportunity affords the chance to reduce any service duplication and put forth Pendleton projects that enhance mobility for seniors and those with disabilities for STF funding.
- **Enhanced fixed route service:** The city is fairly compact and has the density to support fixed-route transit. While demand-response may always be desired to ensure that everyone in the city has access to some type of service, fixed-route through the downtown could effectively and efficiently move residents and employees. The city could allocate a portion of its current local share toward supporting additional Kayak trips within Pendleton to fill in the gaps in service. Since Kayak is commuter-focused in nature, the trips are primarily provided through Pendleton during the early morning and afternoon/evening.
- **Fares:** The Daily Van cost is quite low (\$1 each way) for such a high level of service. The city might explore raising fares to \$1.50 or \$2, charging by distance, or another metric to control demand. The city could enact a low-income measure so that those who are below certain income levels may still pay \$1.
- **Trip eligibility:** If the city wishes to control demand, it might limit trips for medical or other purposes. This reduces the ability of the service to enhance quality of life – a trip to see a friend may be just as important as a trip to the doctor for mental health – but this could free up some local dollars to support more fixed-route.
- **Consolidate Daily Van, Elite Transit, and the senior and disabled taxi program:** Having three separate programs with separate vouchers and administration may result in duplication of efforts. Potentially all service could be consolidated into a city-wide dial-a-ride, with fares set based upon whether the passenger is general public, a senior, person with disability, or low-income.

Appendix A City of Pendleton Revenue and
Expenditure History

Table 7 - City of Pendleton Revenue Source History, FY 00-15

Revenue Source	FY 2015-2016	FY 2014-2015	FY 2013-2014	FY 2012-2013	FY 2011-2012	FY 2010-2011	FY 2009-2010	FY 2008-2009	FY 2007-2008	FY 2006-2007	FY 2005-2006	FY 2004-2005	FY 2003-2004	FY 2002-2003	FY 2001-2002	FY 2000-2001	Average*
Taxes ¹	\$1,560,800	\$1,252,053	\$1,112,161	\$1,161,079	\$1,277,069	\$1,166,600	\$842,334	\$851,156	\$926,436	\$1,140,982	\$909,775	\$1,062,579	\$1,089,025	\$1,225,509	\$1,055,020	\$1,197,849	\$1,114,402
Inter-Government Services ²	-	-	-	-	-	-	-	-	-	-	-	-	\$24,419	\$42,500	-	\$4,578	-
Other ³	\$404,650	\$394,232	\$341,663	\$331,978	\$303,530	\$433,053	\$258,434	\$415,553	\$412,984	\$236,636	\$142,724	\$209,172	\$271,215	\$332,413	\$269,221	\$348,598	\$319,128
Total Revenue	\$1,965,450	\$1,646,286	\$1,453,823	\$1,493,057	\$1,580,599	\$1,599,653	\$1,100,768	\$1,266,709	\$1,339,420	\$1,377,619	\$1,052,499	\$1,271,751	\$1,384,658	\$1,600,422	\$1,324,241	\$1,551,026	\$1,437,999

¹ Includes State, Federal, and Local taxes.
² Includes county and other governmental taxes.
³ Other includes miscellaneous revenue. Excludes transfers from General Funds or other funds.
* Average for Inter-government sources was not included because these funds are not consistently available on an annual basis.

Source: City of Pendleton, 2015

Table 8 - City of Pendleton Expenditure History, FY 00-15

Expenditure Source	FY 2015-2016	FY 2014-2015	FY 2013-2014	FY 2012-2013	FY 2011-2012	FY 2010-2011	FY 2009-2010	FY 2008-2009	FY 2007-2008	FY 2006-2007	FY 2005-2006	FY 2004-2005	FY 2003-2004	FY 2002-2003	FY 2001-2002	FY 2000-2001	Average*
Personnel	\$556,520	\$512,687	\$545,326	\$511,360	\$550,250	\$568,074	\$536,652	\$433,424	\$422,603	\$469,345	\$402,283	\$452,474	\$545,326	\$479,723	\$424,838	\$414,292	\$488,617
Materials and Services	\$441,050	\$416,804	\$381,800	\$300,463	\$293,751	\$357,495	\$369,471	\$388,577	\$373,750	\$350,850	\$321,764	\$270,467	\$381,800	\$250,195	\$232,159	\$229,899	\$328,009
Maintenance	\$262,250	\$37,618	\$91,896	\$79,307	\$101,725	\$155,855	\$166,575	\$62,905	\$44,223	\$65,326	\$60,213	\$127,331	\$91,896	\$112,105	\$101,056	\$119,644	\$106,351
Street Construction / Repair	\$1,896,300	\$199,375	\$201,514	\$190,857	\$354,795	\$690,243	\$187,413	\$112,486	\$8,723	\$895,615	\$703,146	\$790,328	\$201,514	\$348,385	\$72,378	\$190,386	\$450,671
TOTAL	\$3,156,120	\$1,166,484	\$1,220,536	\$1,081,987	\$1,300,521	\$1,771,668	\$1,260,111	\$997,392	\$849,300	\$1,781,135	\$1,487,405	\$1,640,600	\$1,220,536	\$1,190,409	\$830,430	\$954,222	\$1,373,648

Source: City of Pendleton, 2015