



# Public Draft Memorandum #4: Funding Options

Cottage Grove Pedestrian and Bicycle Plan

Task 3.2

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# 1 Introduction

This memorandum discusses funding opportunities that the City of Cottage Grove and its partners could potentially leverage for implementing the Pedestrian and Bicycle Plan's project and program recommendations. The memo begins with a brief description of local funding opportunities, several of which the City is actively deploying or pursuing, followed by a discussion of opportunities at the state and federal levels.

Multimodal transportation funding options include a variety of local taxes, assessments and charges or fees, as well as state and federal appropriations, grants and loans to cover an array of infrastructure needs. The availability and applicability of these resources may be influenced by a variety of factors such as the willingness of residents and businesses to shoulder additional tax burdens, availability of local funds to be diverted from other City programs, and availability of competitive state and federal funds. Regardless of any potential limitations to implementation, the City would benefit from considering all possible options for providing, or enhancing, funding for the recommendations identified in this Plan.

## 2 Potential Local Funding Sources

### 2.1 System Development Charges

System development charges (SDCs) are one-time charges on new developments that help pay for existing and planned infrastructure that will serve that development. The framework for SDCs was established by Oregon law and is available for use by cities, counties, and special districts for capital improvements related to a variety of uses, including transportation. Funds can be utilized to construct or improve portions of infrastructure impacted by the development. SDCs can be utilized to support construction of new transportation infrastructure but cannot be used for maintenance expenses. The City of Cottage Grove utilizes SDCs for various infrastructure improvements, including water and streets, and may consider their use in support of the projects proposed in this Plan.

### 2.2 Transportation Utility Fee

A transportation utility fee is a recurring monthly charge paid by all residents and businesses within a community. The fee can be based on either the number of motor vehicle trips generated by a particular land use or as a flat fee per unit, and can be collected through the City's regular billing process. The only restrictions on the use of these funds are those that apply to the use of government funds. Transportation utility fees exist in approximately 20 cities in Oregon. Some of these communities utilize revenues for any transportation-related project and may place self-imposed restrictions or parameters on their use.

## 2.3 General Fund Revenues

General fund revenues include property taxes, use taxes, and other miscellaneous taxes and fees that are imposed by the City. Through the annual budgeting process, the City can allocate general fund revenues to pay for transportation projects at the City Council's discretion. These funds can be utilized for capital, operations, maintenance and administrative needs. As these revenues are utilized for all City projects and needs, they are often limited due to competing needs and priorities across multiple departments. Additional revenues beyond programmed items are typically only available if there is a fee increase or if City Council diverts funding from other programs.

## 2.4 Local Fuel Tax

Cottage Grove, along with other cities and counties in Oregon, has implemented a local fuel tax. This tax is paid to the City by fuel distributors on a monthly basis. As motor vehicles become more fuel efficient, revenues associated with these fuel taxes have gradually declined over time. Cottage Grove could consider implementing a seasonal fuel tax, which would shift some of the burden onto visitors during higher-demand periods.

## 2.5 Local Hotel/Lodging Tax

Many jurisdictions in Oregon impose a local hotel or lodging tax, consisting of an additional fee on transient rooms. These taxes place more of the cost burden for transportation improvements on non-residents. Some portion of this tax may be dedicated to transportation projects.

## 2.6 Local Improvement District

Local improvement districts (LIDs) can be formed to fund capital transportation projects. LIDs can be utilized to fund specific improvements that benefit a particular group of property owners. They require owner/voter approval (typically at least 67 percent of the impacted population) and require a specific project definition. LIDs can be matched against other funds when a project has system-wide benefits beyond the adjacent properties. LIDs are frequently utilized for sidewalk infill and other similar projects that provide local benefits to residents along a particular street.

## 2.7 Debt Financing

Though not a direct source of funding, debt financing can be used to offset the financial and budgetary impacts of large capital improvement projects and spread the costs over time. While debt financing incurs interest costs, it can serve as a practical means of funding major improvements. Debt financing is viewed as an equitable funding strategy, spreading the burden of repayment over existing and future users who would benefit from a project. Debt financing should be used with caution as there is a need to meet annual repayment obligations.

## 3 Potential State Funding Sources

### 3.1 Safe Routes to School Program

The Oregon Department of Transportation's (ODOT) Safe Routes to School Program is a competitive program that funds efforts to improve infrastructure, education or encouragement programs to help children safely walk or bike to school. Grants are available for infrastructure projects, non-infrastructure programs, and project planning.

### 3.2 Sidewalk Improvement Program and Quick Fix Program

The Sidewalk Improvement Program and Quick Fix Program are part of ODOT's broader Pedestrian and Bicycle Program, which seeks to reduce crashes involving people walking and bicycling, while promoting active transportation to improve health and safety. These funds are available for projects implemented on state highways. Funds may be requested from ODOT's Region 2 Active Transportation Liaison on a rolling basis.

### 3.3 Oregon Community Paths Program

The Oregon Community Paths Program combines funds from several sources to support the construction of off-street pedestrian and bicycle facilities. Contributing funds are sourced from the Multimodal Active Transportation Fund (formerly Connect Oregon), the Oregon Bicycle Excise Tax, and federal Transportation Alternative Program. This is a competitive grant program that is funded on an annual basis. Funds can be used to support project development, construction, reconstruction, major resurfacing or other improvements to multi-use paths.

### 3.4 All Roads Transportation Safety Program

The All Roads Transportation Safety (ARTS) Program seeks to address multimodal safety needs on Oregon's public roads through collaboration with local road jurisdictions. The program funds projects that will provide the greatest safety benefit (greatest crash reduction potential). Approximately \$30 million per year in ARTS funding is available from Fiscal Years 2025 through 2027. Funds are allocated to ODOT regions, and local jurisdictions apply for funding based on the anticipated safety improvements associated with a proposed project.

### 3.5 ODOT Immediate Opportunity Fund

ODOT's Immediate Opportunity Fund exists to support economic development through the construction and improvement of roadway infrastructure. These funds are primarily relevant if the infrastructure improvements support the creation of new jobs or affirm job retention or creation opportunities.

## 4 Potential Federal Funding Sources

The passing of the federal Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law, provides significant potential funding opportunities for various forms of multimodal infrastructure, with funding opportunities available through 2026. The United States Department of Transportation's (USDOT) current priorities include improving safety on the nation's roads and improving multimodal infrastructure to reduce reliance on single-occupant vehicles. These priorities directly align with active transportation infrastructure and provide further potential funding opportunities as discussed below.

### 4.1 Safe Streets and Roads for All

The Safe Streets and Roads for All Program supports the National Roadway Safety Strategy and USDOT's goal of zero deaths and serious injuries on the nation's roadways. To be eligible for implementation funding, an applicant must have a qualifying Safety Action Plan. Grants are also available for the creation of these action plans. Key criteria for the program include safety, equity, engagement and collaboration, effective practices and strategies, climate change and sustainability, and economic competitiveness. Implementation awards of up to \$30 million are available and may be utilized for up to 80 percent of future eligible project costs.

### 4.2 Great Streets Program

The Great Streets Program is intended to address multimodal safety issues while increasing the viability of walking, bicycling and transit on "main street" corridors in communities throughout the nation. In Oregon, ODOT is administering approximately \$50 million in flexible federal transportation funds for this program. Initial investments will be limited to highway corridors owned or managed by ODOT, with initial funding serving as a proof-of-concept that will inform future versions of the program. ODOT staff select and prioritize corridors/projects based a variety of factors including consistency with program goals, presence of the project in an adopted plan, as well as criteria such as safety, equity, community support and project readiness. Typical improvements that may be funded through this program include sidewalks, bicycle facilities, transit stop enhancements, crossing upgrades, street tress, traffic calming and other related elements.

### 4.3 Reconnecting Communities Program

The Reconnecting Communities Program provides planning and construction grants to support the reconnection of communities that were previously cut off from economic opportunities by transportation infrastructure. This program focuses on equity, environmental justice, community engagement, mobility and community connectivity, and equitable development and shared prosperity. The primary aim is to remove, retrofit, mitigate or replace existing facilities in a way that promotes community access.



## 4.4 Rebuilding American Infrastructure with Sustainability and Equity Discretionary Grants

Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants are competitive discretionary grants available for planning and capital projects with the aim of helping communities build transportation projects with significant local or regional impact while improving safety and equity. For capital projects, awards can be for up to \$25 million.

## 4.5 Rural Surface Transportation Grants

As part of the federal Multimodal Project Discretionary Grant Program, opportunities exist to support planning or construction of multimodal transportation projects in rural areas. The primary goal of this program is to improve and expand surface transportation infrastructure in rural areas to increase connectivity, improve the safety and reliability of the movement of people and goods, and generate regional economic growth and quality of life. Funds are available on a competitive basis, with an application demonstrating alignment with the program criteria required for consideration. Program funds may be used to support up to 80 percent of future eligible project costs, and other federal funds may be leveraged to complete the funding.

## 4.6 Bridge Investment Program

The Bridge Investment Program focuses on improving existing bridges to reduce the overall number of bridges in poor condition, as well as structures in fair condition that at risk of falling into poor condition. One of the requirements is that each bridge must contain, or not preclude, infrastructure for multimodal transportation (e.g., sidewalks, bike lanes, multi-use paths). This is a competitive discretionary program requiring an application that meets program-specific criteria, and only applies to bridges that are listed on the National Bridge Inventory.

## 4.7 Railroad Crossing Elimination Program

The Railroad Crossing Elimination Program is a competitive program providing funding for highway/rail or pathway/rail crossing safety improvements. The program focuses on improving safety and mobility of people and reducing conflicts. Funding is available on a competitive basis, with a minimum grant of \$1 million which can support up to 80 percent of future eligible costs.

## 4.8 Promoting Resilient Operations for Transformative, Efficient and Cost-Saving Transportation Program

The Promoting Resilient Operations for Transformative, Efficient and Cost-Saving Transportation (PROTECT) Program supports planning and implementation activities focused on community resilience and evacuation routes to enhance the sustainability and resiliency of the nation's transportation network. The program consists of both formula funding and discretionary grant awards available for planning and

implementation efforts. The primary goal is to enable communities to address vulnerabilities while increasing the resilience of transportation infrastructure from the impacts of sea level rise, flooding, wildfires, extreme weather events or natural disasters. Eligible projects should support continued operation or rapid recovery of crucial local, regional, or national transportation facilities and should utilize collaborative approaches to risk reduction.

## 4.9 Active Transportation Infrastructure Program

The Active Transportation Infrastructure Program is a new program in the IIJA that has not yet been released. Program specifics are not yet available; however, funding will be awarded on a competitive basis and will support up to 80 percent of eligible project costs.