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TO: Infrastructure Funding Toolkit
FROM: ECONorthwest
SUBJECT: Infrastructure Funding Toolkit Glossary

Infrastructure Funding Toolkit Glossary

This glossary defines key terms used throughout the Washington County Infrastructure Funding Toolkit. It also includes a repository of key information for a variety of infrastructure funding mechanisms.

The glossary is organized alphabetically and by topic.

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Funding Tools

This section defines common funding mechanisms (tools) which may be used to fund or finance infrastructure projects. In most cases, we cite the enabling legislation and provide a brief overview of how the tool works.

Local Mechanisms

Advertising and Naming Rights

Definition	A financial transaction and form of advertising whereby a corporation or other entity purchases the right to name a facility or event, typically for a defined period of time. Transit systems can raise revenues by selling advertising to businesses and non-profit organizations. Opportunities for advertising on buses include: (1) ads inside the bus, (2) ads on the outside of buses and (3) ads in stations or at stops. Successful advertising campaigns are usually facilitated by a third-party advertising vendor.
How It Works	Historically, the selling of naming rights to people or organizations that make a donation for a capital improvement was most common for large organizations, such as universities or hospitals. Selling naming rights has become more common among smaller organizations, and some transit agencies (mostly in larger cities) sell naming rights to vehicles, stations, or transit corridors.
Legal Requirements	Controlling the content of the advertising can be difficult. The U.S. Supreme Court's decision in Reed v. Town of Gilbert finds that local sign regulations must be content-neutral and that a sign code will be subject to "strict scrutiny" in judicial review if it applies to the sign's content, the purpose of the sign, or who is putting the sign up.
Revenue Availability (Timing)	Variable (e.g., annually, semi-annually, seasonally, monthly etc.)
Enabled by	The discretion of the jurisdiction.
Examples	The Portland Streetcar sells naming rights to streetcar stops through its sponsorship program.

Business License Fee

Definition	A business license fee is a charge on businesses for the privilege of conducting business within a jurisdiction.
How It Works	There are a variety of ways that jurisdictions could choose to charge fees on businesses: • Charging a flat fee for all businesses in the city. • Charging a flat fee for each business classification. • Charging a fee based on the number of employees. • Charging a fee based on whether or not the business is located in or outside city limits. • Charging a fee based on the duration of the particular business. License fees can apply to all businesses or only certain businesses such as automobile dealers or service stations. Cities have assigned various city officials to administer the business license ordinances. These include: City Recorder, City Manager, Finance Director, City Administrator, a License Clerk, the Chief of Police, City Auditor, Bureau of Licenses, or the City Council.
Revenue Availability (Timing)	Annually / variable.
Enabled by	The discretion of the jurisdiction.
Examples	The Portland Streetcar sells naming rights to streetcar stops through its sponsorship program.

Developer Contributions

Definition	Developer contributions are payments / in-kind work paid by land developers to fund infrastructure that is needed to develop their properties.
How It Works	Developers pay for the infrastructure investments; however, as with SDCs, the cost is ultimately borne largely by the initial property owner and, in some cases, the end user. Use of funds is targeted to specific projects / portions of projects where a given development will have a substantive impact.
Legal Requirements	The amount that cities can require developers to pay for or build must be roughly proportional to the development’s impacts, and there must be a clear relationship between the impact and the improvement or contribution the City is requiring.
Revenue Availability (Timing)	Developers pay or make improvements at the time their development triggers the need for specific projects. This could lead to the delivery of piecemeal infrastructure or collection of revenues over time should contributions among developers come in at different times.
Enabled by	The discretion of the jurisdiction.

Franchise Fees

Definition	A utility franchise (sometimes referred to as a privilege tax) is a contract between a City and a utility company that outlines certain requirements for the utility to use the city's public rights-of-way.
How It Works	Franchise fees are typically calculated as a percentage of the sales revenues of a utility company to customers in a given service area or territory. Cities are obligated to manage public rights of way as trustees for the public who own rights-of-way (and charging franchise fees can offset the direct financial burden from residents and onto companies which use the rights-of-way the most). Franchise agreements are established by ordinance, by a contract with a service provider, or by a city resolution.
Legal Requirements	Oregon law authorizes cities to determine the terms under which a utility may operate within the city limits, including payment of up to five percent of the utility's locally generated revenue as compensation for the utility's use of the city's streets and other public property. The payment is called a franchise fee when it is set pursuant to a negotiated agreement between the utility and the city. Because Oregon is a home rule state, cities can govern themselves in areas not specifically preempted by state or federal law. With right-of-way management and franchise fees, cities have local control of their individual relationships with utility service providers.
Revenue Availability (Timing)	Dependent on agreement terms between City and the franchise; revenue is likely to accrue monthly or annually.
Enabled by	The discretion of the jurisdiction.
Examples	• Charging 5% for electric franchises: City of Albany, Forest Grove, Gresham, Milwaukie, Newberg, Oregon City, Portland, Salem, West Linn, Woodburn • Charging 5% for natural gas franchises: City of Albany, Forest Grove, Gresham, Milwaukie, Portland, Salem, Sherwood, Tigard, Tualatin, West Linn, Wilsonville, Woodburn

Fuel (or Gas) Tax

Definition	A tax on the sale of gasoline and other fuels, typically levied as a fixed dollar amount per gallon.
How It Works	Tax is imposed on the sale per gallon of gasoline sold in jurisdiction over the course of a pre-determined length of time.
Legal Requirements	Typically, the use of local gas tax revenues is limited to transportation projects. Taxes on motor vehicle fuel must be used for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in this state. Service stations must visibly post information about the price of gas that is federal, state, or local tax (per ORS 646.932). A public vote is required to enact a local fuel tax. A fuel tax can have a sunset and be phased in. The state does not prohibit a fuel tax rate from being tied to an index (such as the CPI index).
Revenue Availability (Timing)	Fuel tax is collected daily by service stations and most communities with gas taxes use the Oregon Department of Transportation (ODOT) for revenue collection (although local governments can collect the tax for themselves). Tax receipts are issued to local jurisdictions per agreement.
Enabled by	ORS Chapter 319.950
Examples	• $0.01 gas tax: City of Woodburn • $0.02 gas tax: City of Dundee, City of Milwaukie, City of Sandy • $0.03 gas tax: City of Astoria, Canby Coburg, Coquille, Cottage Grove, Hood River, Newport, Oakridge, Sisters, Springfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton • $0.05 gas tax: City of Eugene

General Fund Allocation

Definition	The general fund is not actually a funding source, but an account that all local governments have, where a variety of unrestricted revenue sources are collected.
How It Works	Typically, the largest source of general fund revenues are property taxes generated by permanent levy rates. General fund revenues are collected jurisdiction wide. General funds tend to be the primary funds for city operations. Most general fund moneys are dedicated to carry out the ordinary operations of cities, which may include some funding for the maintenance and operations for local transportation departments.
Legal Requirements	The allocation of general fund revenues is a policy choice by City Council. Use of funds, for the most part, is contingent on council prioritization and need for other services.
Revenue Availability (Timing)	Budget prioritization setting typically occurs annually or biennially.
Enabled by	There are no legal restrictions that prevent the use of general fund revenues on transportation projects.
Examples	All cities and counties have a general fund.

General Obligation (GO) Bond

Definition	General obligation (GO) bonds are a temporary increase in property tax rates. Proceeds from GO bonds can only be used for capital projects.
How It Works	State law allows public bodies to issue general obligation debt for infrastructure improvements. The public body shall annually collect an ad valorem property tax on the taxable property within the boundaries of the public body. The tax amount (plus, other revenues as applicable) should be sufficient to pay the principal of and interest on outstanding GO bonds issued by the public body. GO bond levies typically last for 20 to 30 years and are not subject to compression. Unlike a revenue bond, a GO bond is backed by the full faith and credit of a jurisdiction. Because they are more secure, the interest rate that investors require for a GO bond are typically lower than interest rates for revenue bonds.
Legal Requirements	GO bonds must be approved by a public vote. With some exceptions and unless the City charter provides a lesser limitation, a City may not issue or have outstanding GO bond debt in a principal amount that exceeds three percent of the real market value (RMV) of the taxable property within its boundaries, calculated as provided in ORS 308.207.
Revenue Availability (Timing)	GO bonds allows a municipality to collect funding to pay for projects up front.
Enabled by	ORS 287A
Examples	On Nov. 6, 2018, voters in the Portland Metropolitan area approved a $652.8 million general obligation bond to create affordable housing for approximately 12,000 people in the greater Portland region.

Local Improvement Districts

Definition	A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space.
How It Works	This tool enables a group of property owners to share the cost of a project or public improvement, that they will benefit from. The charges established by the LID should be proportional to the benefits individual property owners will enjoy. LID assessments will kick-in as soon as the project is built, regardless of whether development has occurred on a given property. This can motivate landowners to develop their properties more quickly (so they are not incurring costs, before they have received any revenues from development). Revenues derive from a temporary increase in property tax revenues, which will impact property owners within the LID district. This cost increase could be more difficult for lower-income property owners to pay. Further, despite the financing mechanism allowing LID payments to be amortized over time, most homebuyers (and this is true for commercial property buyers as well) will use bank loans to complete their purchase, and those banks are highly likely to insist on the LID being paid in full before entering into a new mortgage (this better protects the bank's investment in the event of a default). Thus, prospective homebuyers would factor in the cost of the LID as part of the purchase price. This could reduce the price they are willing to pay for the home, which once again is borne by the initial property owner, and has the same impacts described above for supplemental SDC's (i.e., reduced supply and changes in the types of land uses built).
Legal Requirements	An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records. The City collects the funds and, regardless if the actual cost is greater than the estimated cost (on which the assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment was placed property owners (due to underestimation).
Revenue Availability	LID assessments are due upon project completion. However, LIDs allow for the use of financing options, meaning they are typically established to repay a bond – allowing projects to be developed up front and repaid over time.
Enabled by	ORS 223
Examples	South Hillsboro Local Improvement District

Major Streets Improvement Program (MSTIP)

Definition	MSTIP is an opportunity to fund and initiate countywide transportation improvements. It is a cost-sharing program that uses property tax revenues received by the County as the program's funding mechanism.
How It Works	MSTIP funds are collected through property taxes county-wide. A group of elected officials from Washington County (and cities within it), provides use of funds recommendations to the Board and public input is solicited. Monies are awarded to private-sector planning and engineering firms and to construction contractors on a competitive-bid basis to build projects under County supervision. Funds are also used to leverage other local, state and federal funds for transportation improvements. The County Department of Land Use & Transportation manages MSTIP projects.
Legal Requirements	Eligible MSTIP projects are transportation projects which: (1) improve safety; (2) improve traffic flow/relieve congestion; (3) are located on a major road used by many residents; and (4) address demands for cars, trucks, bicycles, pedestrians, and/or transit. Project must meet certain criteria.
Revenue Availability (Timing)	The Board of County Commissioners determines MSTIP funding amounts on a five-year cycle.
Enabled by	Washington County
Examples	Since inception, Washington County funded more than 150 transportation projects, totaling over $900 million.

Parking Fee

Definition	Parking revenues raised from parking operations and fines.
How It Works	Municipalities already have the authority to increase parking revenue through rates charged for fines and meters. Municipalities may also expand the use of metered parking, which may require additional staff capacity to enforce the parking policies.
Legal Requirements	A City may charge such fees at a rate the find fair and reasonable for the privilege of using the off-street parking facilities. These fees need not be limited to the cost of operation and administration but may be for revenue. A City may regulate and restrict the use of the parking facilities or prohibit their use of vehicles and provide penalties for violation of such regulations or prohibitions.
Revenue Availability (Timing)	Variable
Enabled by	The discretion of the jurisdiction.
Examples	Parking meters fees, publicly owned parking lot fees, or fines

Property Tax: Local Option Levy

Definition	Local option levies are temporary property tax increases, approved by voters, to fund operations of local government services or capital projects.
How It Works	Local option levies are levied as a tax rate per $1,000 of assessed value. The county Assessor would collect all property taxes (including revenues from the local option levy) annually. Under Oregon's property tax system, voter-approved local option levies are the first to be impacted by compression.
Legal Requirements	Local option levies must be r approved by a simple majority public vote. Local option levies cannot exceed five years for operations. For capital projects, the local option cannot exceed 10 years (or the useful life of the project, whichever is less). However, local option levies can be renewed if the public continues to vote in favor of the levies.
Revenue Availability (Timing)	Property tax revenue is collected annually along with other general government and education property tax levies.
Enabled by	ORS 280.040 - 280.145
Examples	Local option levies are widely used across Oregon.

Reimbursement District

Definition	A reimbursement district is a cost sharing mechanism, typically initiated by a developer, though it can be initiated by the local government. It provides a reimbursement method to the party who pays to build an infrastructure improvement that will benefit others, through fees paid by property owners at the time the property benefits from the improvement.
How It Works	A developer can typically apply to create a reimbursement district by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement. For cost sharing to occur, a reimbursement district must be formed, and benefited properties must connect to the project. Individual properties would only become subject to the reimbursement district charges (which would be proportional to the benefits they received) if they connect to the project.
Legal Requirements	These districts have a limited duration period. If benefiting properties do not connect to the project within an established period (typically 10 to 30 years), the district expires. In these instances, the initial developer who paid the upfront costs loses out on the reimbursements.
Revenue Availability (Timing)	Revenues from a reimbursement district would accrue over time as development occurs. Reimbursement Districts are a financing mechanism (rather than a funding tool) and are established to pay back a land developer who fronts the funds to pay for specific projects up front.
Enabled by	Cities in Oregon can adopt a reimbursement district ordinance to allow developers to share project costs with those who benefit from the project.

Revenue Bond

Definition	Revenue bonds allow a public body (including: City, County, local service district, special government body) to issue debt to fund public projects. It is one of two kinds of municipal bonds (the other is the general obligation bond). Revenue bonds must be paid back by an identified revenue source.
How It Works	When a public body issues debt via a revenue bond, the debt is bought by an investor. The investor is paid back for their investment, plus interest, with a revenue source pre-identified by the public bond. In Oregon, revenue sources that may be targeted for revenue bond repayment are all fees, tolls, excise taxes, assessments, property taxes and other taxes, rates, charges, rentals and other income or receipts derived by a public body or to which a public body is entitled. Unlike a general obligation (GO) bonds, a revenue bond is not backed by the full faith and credit of a jurisdiction. Because they are slightly less secure, the interest rate that investors require for a revenue bond are typically higher than interest rates for GO bonds. The debt limitation for a revenue bond is based on lender requirements rather than state statue, unless the revenue bond is issued for short-term borrowing (see below).
Legal Requirements	Per state statute: a revenue bond, authorized by resolution, may be issued following a 60-day noticing procedure. Within that 60-days, the public is allowed to collect signatures as part of petition to refer the bond to a public vote. If five percent of the City's electors sign the petition, the bond must be placed on the ballot and approved by voters. The City must provide public notice of the ballot measure; notice must contain the: • date the resolution was adopted and the number thereof, if any; • expected source of revenue for repayment of the revenue bonds; • estimated principal amount of the revenue bonds to be sold; • procedures by which electors may cause the question of issuing the revenue bonds to be referred to a vote; • period within which electors must file signed petitions to cause referral; and • fact that the resolution is available for inspection at the appropriate office of the public State law also allows public bodies to issue short-term dept via a revenue bond in anticipation of revenues and/or revenue bonds. In these instances, the short-term revenue bond must mature within 13 months after they are issued. In addition, they may not be issued in a principal amount that exceeds 80 percent of the taxes or other revenues (except grant moneys), that the City has budgeted for or expects to have available to pay the revenue bonds back.
Revenue Availability (Timing)	Revenue bonds allows a public body to collect funding to pay for projects up front.
Enabled by	ORS Chapter 287A
Examples	Many Cities rely on revenue bonds to pay for public investments such as water, sewer, and other utilities.

Sales Tax

Definition	A tax on retail sales, typically added to the price at the point of sale.
How It Works	Adopting a sales tax would require new staff to oversee the system and would require actions by local retailers and other commercial entities affected by the tax to ensure their businesses were prepared to assess and collect the tax. Other than the hurdles with implementation, the tax could be administered relatively affordably. It is possible for a municipality to adopt a targeted sales tax on specific items, such as the prepared food and beverages, rental cars, bicycles, etc. Sales tax on specific goods are viewed as more politically acceptable than broad-based sales taxes—and this is particularly true for taxes that are perceived to be paid mostly by non-locals, like a rental car tax.
Legal Requirements	Local jurisdictions may have the authority to levy a sales tax without a popular vote, but most politicians consider a popular vote necessary given that numerous sales tax proposals have been defeated at the polls by wide margins. There are no restrictions on local sales tax revenue in Oregon.
Revenue Availability (Timing)	Revenue accrues over time. A local sales tax would be relatively stable and predictable, though (as with many other funding sources) it would track with broader economic trends.
Enabled by	Nothing in the Oregon Constitution or Revised Statutes currently prohibits local jurisdictions from implementing a sales tax on transportation-related goods.
Examples	▪ City of Ashland (1993) 5% on prepared food and nonalcoholic beverages ▪ City of Yachats (2007) 5% on prepared food and nonalcoholic beverages ▪ City of Ontario (2017) 1% general sales tax

Special District

Definition	A type of special assessment district which improves or operates infrastructure within the district boundaries. Boundaries may transcend a city, cities, or county bounds.
How It Works	Special districts operate using property tax monies and fees. Districts are fiscally responsible for the revenues they collect. Special districts are administered by a governance board (a minimum of three board members is required.
Legal Requirements	Area residents must vote to establish a district which levies a property tax to improve or operate infrastructure within the boundaries of a city or drainage district. • ORS Chapter 371 outlines provisions for special road • ORS Chapter 266 outlines provisions for park and recreation districts • ORS Chapter ORS 450.005 to 450.245 outlines provisions for sanitary districts • See ORS 198.010 for other provisions
Revenue Availability (Timing)	Property tax revenues received annually; other sources of revenues: variable.
Enabled by	ORS Chapter 198 outlines provisions for special districts
Examples	The Tualatin Hills Park and Recreation District is a special park district serving over 250,000 residents in the greater Beaverton area.

Systems Development Charge (SDC)

Definition	SDCs are fees paid by land developers and are intended to reflect the increased capital costs incurred by a municipality or utility as a result of a development. Systems development charges have two components, an improvement fee[1] and a reimbursement fee.[2] Some variations: ▪ **Sole Source SDC:** Sole source SDCs ensures that the fees paid by developers are retained within the limited geographic area that directly benefits from new development, rather than being available for use city-wide. ▪ **Supplemental SDC:** Supplemental SDCs are an *additional* one-time fee, typically paid at the time of building permit issuance. These fees are layered on top of the City-wide SDC. These fees are paid by new development within a defined geographic area.
How It Works	Growth related capital improvements are funded by SDCs, which are assessed on new development. Enabling legislation provides a uniform framework that all local governments must follow to collect SDCs. SDC revenue can only be used to fund capital improvements for water supply, wastewater collection, drainage and flood control, transportation, or parks and recreation. Local jurisdictions must adopt a method for calculating the charges that sets the fee to reflect the actual cost of the needed capital improvements to which the fee is related. SDCs typically vary by the type of development.
Legal Requirements	Prior to the establishment of a system development charge by ordinance or resolution, a local government shall prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that the local government intends to fund, in whole or in part, with revenues from an improvement fee and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement. (ORS 223.309)
Revenue Availability (Timing)	The charge is typically collected when a building permit is issued, meaning revenues must accrue over time before sufficient funding capacity is available to pay for projects.
Enabled by	ORS 223.297-223.314 A jurisdiction may enact an SDC or update SDC rates without a public vote.
Examples	Many communities in Oregon impose SDCs

[1] "Improvement fee" means a fee for costs associated with capital improvements to be constructed.

[2] "Reimbursement fee" means a fee for costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists.

Tolls

Definition	Tolls are the most familiar form of a transportation access charge. Tolls are most appropriate for auto-oriented, high-speed, high-demand, limited access corridors and bypass facilities to avoid congested areas.
How It Works	Tolls are a form of congestion pricing. Drivers are charged for the trips they make, based on location and time of day, is the most efficient policy for dealing with congestion. It not only generates revenue for maintenance and improvements, but also decreases congestion and the need for capital improvements by increasing the cost of trips during peak periods.
Legal Requirements	A toll may not be established unless the Oregon Transportation Commission has reviewed and approved the toll. A tollway operator may operate toll booth collections, an electronic toll collection system, a photo enforcement system or any combination of those options. The design of each tollway shall at least meet the minimum design standards
Revenue Availability (Timing)	Revenue accrues over time.
Enabled by	Tolling is allowed on Oregon roads to fund transportation projects. ORS Chapter 383
Examples	Bridge of the Gods, Cascade Locks and Hood River Bridge, Hood River

Transient Lodging Tax

Definition	Transient lodging tax is a fee charged to customers for overnight lodging generally for periods of less than 30 consecutive days. The fee is a percentage of lodging charges incurred by the customer, though some jurisdictions levy a flat fee per room night.
How It Works	Any local tax rate (including a City and/or County rate) are in addition to the State transient lodging tax of 1.5% (effective July 2020). Collection schedule requirements are set by local jurisdiction—some schedules are quarterly, and others are monthly. Some counties and cities have agreements to collect tax revenues for each other or share revenues.
Legal Requirements	The State enacted new legislation in 2003 that requires new or increased local transient lodging taxes to dedicate at least 70% of net revenue to fund tourism promotion or tourism-related facilities and allowing lodging providers to retain at least 5% of net revenues.
Revenue Availability (Timing)	Revenues accrue over time; typically remitted monthly.
Enabled by	ORS 320.300 to 320.350
Examples	Many cities and counties across Oregon impose a transient lodging tax. The average lodging tax rate for cities and counties in Oregon was 7.2%; rates increased 1.5% on average between 2003 and 2018. For more information: https://industry.traveloregon.com/wp-content/uploads/2020/03/Local-Transient-Lodging-Tax-Report_-Feb-2020-FINAL.pdf.

Transportation Development Tax (TDT)

Definition	TDT is a tax imposed on new development and redevelopment within Washington County (including its cities). The tax is charged to developers to help pay for the impact new development has on the transportation system.
How It Works	Fee rates vary by development type but remain consistent across all jurisdictions regardless of rural-urban classification or un/incorporated status. All TDT revenue is dedicated to transportation capital improvements intended to accommodate growth. Improvements eligible to use TDT revenue are on major roads, including sidewalks and bike lanes, as well as transit capital projects (such as bus shelters). The Washington County Coordinating Committee (WCCC), made up of elected officials from each municipality within Washington County and chaired by a County Commissioner, provides oversight to the program.
Legal Requirements	TDT complies with the provisions of ORS 223.297 to ORS 223-314.
Revenue Availability (Timing)	The TDT is collected before building permits are issued. In cases where building permits are not required, it is collected before final approval of a development application.
Enabled by	Washington County Code: Chapter 3.17, Title 3, Revenue and Finance
Examples	Washington County imposes a TDT; other Cities across Oregon impose transportation systems development charges which apply the same concept as the TDT.

Urban Renewal (Tax Increment Finance)

Definition	Urban renewal is a locally controlled program, authorized under state law, to improve specific areas of a municipality that are not achieving local land use and development objectives. These areas can have old deteriorated buildings, streets, and utilities or they can lack buildings, streets, utilities altogether. Public facilities in these areas (e.g. parks, parking facilities) may be inadequate. The statutes refer to these areas as "blighted areas."
How It Works	Urban renewal diverts property tax revenues from growth in assessed value inside an urban renewal area (URA) for investment in capital projects within the URA to alleviate blight. The underlying rationale for urban renewal is that these areas do not generate property tax revenues and do not contribute to the economy – by creating jobs and increasing income - as much as they could if the area was more fully developed. By making needed public investments conditions in the area can be improved and the area can be more productive.
Legal Requirements	There are statutory restrictions on the size of urban renewal areas (acres and assessed value), as well as the maximum indebtedness of urban renewal areas. A lengthy public process is typically needed before creation of an URA and the planning must involve citizens at every stage, and especially when it comes to determining the boundary, what projects and activities are to be undertaken, and the financial limits on the plan. An urban renewal plan must be presented to the Planning Commission of the municipality (no formal hearing is required, but it is usually held) for its recommendations and then must be adopted by the municipality governing body (city council or county commission) by non-emergency ordinance after a public hearing is held. Notice of the public hearing must be sent to each individual household in the city.
Revenue Availability (Timing)	Property tax revenues received annually.
Enabled by	ORS Chapter 457 — Urban Renewal

Utility Fees

Definition	A utility fee is assessed to all businesses and households in the jurisdiction. The fee may be flat or based on trip generation.
How It Works	Because the fee is not based on usage, it is a consistent, predictable source of funding. The fee may be implemented to include a discount and waiver program to improve equitability.
Revenue Availability	The fee is paid by households and employers within the area in which the fee is imposed. Thus, revenues begin to accrue as residential / commercial development is delivered.
Revenue Availability (Timing)	The fee is typically collected monthly, but it could be collected seasonally, annually, etc.
Enabled by	Discretion of the jurisdiction (enacted by ordinance).
Examples	The City of Corvallis uses a utility fee to fund transit, at a rate of $2.75 per month per single-family residence and $1.90 per apartment per month. Commercial properties are charged based on the estimated number of trips generated per month. For example, a medical office might be charged about $9 per month, while a fast food restaurant would be charged $66 per month. The City of Tigard uses a utility fee to fund road maintenance. Households pay a monthly fee of $6.69.[3] The fee for non-residential units is based on the minimum number of parking spots, which is determined based on number of employees, the size of the site and building, and other developed sites with similar use.[4]

[3] http://www.tigard-or.gov/city_hall/street_maintenance_fee.php

[4] http://www.tigard-or.gov/Titles1-17/15_20.pdf

Vehicle Registration Fee (VRF)

Definition	A vehicle registration fee (VRF) is a recurring charge on individuals that own cars, trucks, and other vehicles.
How It Works	In Oregon, counties (but not cities) and some districts can implement a local vehicle registration fee. The vehicle registration fee may be a flat fee, or a variable fee (e.g., based on miles per gallon and vehicle weight). Vehicle owners pay the fee when they register and re-register their vehicle(s).
Legal Requirements	A governing body of a county with a population of less than 350,000 may enact a vehicle registration fee after submitting the ordinance to the electors of the county for their approval. Districts under intergovernmental agreement (with all counties and cities with populations over 300,000) may also implement the fee. All vehicle owners that register their vehicle in Washington County must pay the County VRF, along with the state of Oregon's VRF fee. Statute requires that vehicle registration fees are split 60/40 between the county (60%) and the cities within the county (40%).
Revenue Availability (Timing)	Annually.
Enabled by	ORS 801.040, 801.041, 801.445 Washington County Code: Chapter 3.14, Title 3, Revenue and Finance
Examples	Washington County currently imposes a vehicle registration fee of $30/year per vehicle (and $17/per year per motorcycle or moped) to offset maintenance funding shortfalls and to improve transportation safety. Washington County's code states that county VRF moneys will be distributed to incorporated cities with more than 300 residents. The distribution is based on each city's proportional share of the total number of Washington County residents residing those incorporated cities, as determined by the most recent reports of the Portland State University Population Research Center.

State and Federal Infrastructure Funding Programs Funding Programs

ConnectOregon

ConnectOregon focuses on improving connections and supporting local economies throughout the state. Dedicated to multimodal, non-highway projects, ConnectOregon was first approved by the Oregon legislature in 2005 to fund marine/ports, aviation, public transit, bicycle/pedestrian, and rail connection projects around the state. However, the passage of HB 2017 and HB 2592 changed the program—today, only aviation, rail, and marine/port improvements are eligible. ConnectOregon is a grant that may cover up to 70% of project costs. A minimum 30% match is required, except for Class 1 Railroads where a 50% match is required. In the most recent funding cycle, 39 projects were funded, with awards ranging from $25m to $8.3m. The average award was $1.3m.

Drinking Water Source Protection (DWSP)

DWSP is a low-interest, forgivable loan of up to $30,000 per water system. Project receiving funding include those that protect drinking water sources or that lead to risk reduction within a delineated source water area.

Immediate Opportunity Fund (IOF)

IOF supports primary economic development in Oregon through the construction and improvement of streets and roads. Access to this fund is discretionary and the fund may only be used when other sources of financial support are unavailable or insufficient. The fund will not pay for more than 50% of the transportation improvement costs—the remainder must be matched. The applicant must involve Business Oregon and ODOT early on in the process. Project cost limits range from $250,000 to $1m per project (depending on the project type).

Multimodal Active Transportation (MAT) Fund

MAT funds bicycle and pedestrian capital projects previously funded by the ConnectOregon program. Eligible projects include the development, construction, reconstruction, major resurfacing, or other capital improvements of multiuse paths, bicycle paths, and footpaths. This is a competitive grant program that may not exceed 70% of eligible project costs (i.e., 30% match required). This program was recently created; recommended rulemaking stated that "grants will be awarded only when there are sufficient funds available in the [MAT] Fund to cover the costs of the grants."

Oregon Transportation Infrastructure Bank (OTIB)

OTIB is a low interest revolving loan fund that can help to pay for highway, transit, and other transportation capital projects. These low-interest loans can be repaid with TIF, general fund, or local improvement district revenues. They provide up front monies (planning, engineering) as well as implementation funds which means cities do not need to wait for TIF build up.

Safe Drinking Water Revolving Fund (SDWRLF)

SDWRLF is a low-interest loan to fund the design and construction of water system infrastructure (including but not limited to treatment, transmission/distribution mains, finished water reservoirs, water sources, pumping, aquifer storage and recovery projects, seismic improvements, redundancy/reliability infrastructure, instrumentation, telemetry and metering). Loans at $3m are available with Board approval and loans of $6m are available with Water Advisory Board approval. Principle forgiveness is available.

Special Public Works Fund (SPWF)

Municipalities and Districts may apply for SPWF funds for various construction projects including utilities, emergency projects, levees, telecom, energy systems, transportation, railroad, road, marine & other public facilities. The program offers low-interest loans ranging from less than $100,000 to $10m; the program offers grants for construction projects that create or retain traded-sector jobs. Grants are limited to $500,000 or 85% of the project cost (whichever is less) and are based on eligible jobs created or retained.

Statewide Transportation Improvement Program (STIP)

STIP is Oregon's four-year transportation capital improvement program for state and federally funded projects. Funding is distributed to system enhancement, preservation, safety, non-highway, and local roads projects. ODOT expects to complete the 2021-2024 STIP in 2020.

Water Wastewater Fund (W/W)

W/W is a program offering both loans and grants for the planning and construction of water, stormwater, and wastewater collection, treatment, and distribution projects. The maximum loan amount is $10m per project (typically repaid with utility revenues or voter approved bonds). The typical grant amount is up to $750,000 per project.

Finance and Funding Terms

Capital Cost

One-time, up-front costs associated with the construction and implementation of a project. Capital costs are frequently presented as a lump-sum number.

Constant Dollars

Sometimes referred to as "real dollars," represents dollars adjusted for inflation. Also see, "year of expenditure."

Current Dollars

Sometimes referred to as "nominal dollars," represents dollars that are not adjusted for inflation—it is the actual amount of money spent or earned over a period of time.

Financing

When the funds for infrastructure costs are borrowed and paid back over time, these costs have been *financed*. Public agencies finance costs for the same reasons that households and businesses do—to reduce the current out-of-pocket costs by spreading out payments over time (e.g., financing a housing purchase with a home mortgage; the funding to pay the mortgage over time typically comes from the homebuyer from income received from a job). The ultimate source of funding for financed costs is not the financing instrument itself—e.g., bonds—but rather the revenue sources used to repay the borrowed funds.

Funding

Transportation infrastructure costs money, and somebody has to pay those costs. The ultimate source of revenue for these costs is *funding*. Funding comes from households and businesses that pay taxes and fees (i.e., funding mechanisms) that give the various levels of government money to build and maintain the infrastructural system, and to operate programs that improve mobility.

Funding Gap

The amount of money needed to pay for infrastructure. It is the deficit (shortfall) of funding capacity to pay for known costs over a period of time.

Funding Mechanism

Also called a tool, is the method that is used to charge persons or businesses (i.e., to charge certain sources) to generate the funding. Examples of funding mechanisms include gas taxes, vehicle registration fees, and transit ticket sales.

Operations and Maintenance (O&M) Cost

Ongoing costs associated with keeping a project working and in working order after the capital investment is complete. O&M costs are frequently presented as an average annual number.

Program

An ongoing, well-defined approach for funding or spending a specific sum money, usually with a specified funding source, and with clear rules on what projects can receive funding, and what dollar amounts those projects can receive.

Source

The entity that pays for the funding. We look at sources of funding two different ways (1) the unit of government that provides funding directly to a project (government source), and (2) the group of persons or businesses that pay the money to the government (the ultimate source).

Year of Expenditure Dollars (YOE)

YOE dollars means an annual inflation rate was applied to revenue and expenditure estimates. Converting all costs and revenues to YOE dollars theoretically presents a more accurate picture of costs, revenues, and deficits associated with a long-rang fiscal planning for capital projects.

Legal and Programmatic

Capital Improvement

Facilities or assets used for the following: (A) Water supply, treatment and distribution; (B) Wastewater collection, transmission, treatment and disposal; (C) Drainage and flood control; (D) Transportation; or (E) Parks and recreation. It does not include capital improvements' operations or routine maintenance costs of capital improvements.

Capital Improvement Plan (CIP)

A planning document and forecast that identifies when major (capital) projects will likely receive public funding in future years.

Committed Transportation Facilities

Proposed transportation facilities and improvements which are consistent with the acknowledged comprehensive plan and have approved funding for construction in a public facilities plan or the Six-Year Highway or Transportation Improvement Program.

Comprehensive Plan

Describes conditions and regulates public policies relating to Oregon's statewide planning goals. All cities and counties in Oregon are required to have a Comprehensive Plan.

Metro Title 11

Title 11, of Metro's Urban Growth Management Functional Plan, guides planning of areas brought into the urban growth boundary for conversion from rural to urban use.

Municipal Code

A Municipal Code, or ordinances, are laws enacted and enforced by a village, town, city or county government.

Reasonably expected to be available

Determination is a judgment decision. Two important considerations in determining whether an assumption is "reasonable" are: (a) evidence of review and support of the new revenue assumption by State and local officials and (b) documentation of the rationale and procedural steps to be taken with milestone dates for securing the funds. Albeit not all-inclusive, some examples of "reasonable" and "not reasonable" assumptions are highlighted in the following table. Additionally, please note that the examples labeled "reasonable" do not necessarily meet the special test of "available funds" or "committed funds"

Statewide Transportation Improvement Program (STIP)

A staged, multi-year, statewide intermodal program of transportation projects, consistent with the statewide transportation plan and planning processes as well as metropolitan plans, transportation improvement programs (TIPs), and planning processes. The STIP must be developed in cooperation with the metropolitan planning organizations (MPOs), public transit providers, and any Regional Transportation Planning Organizations (RTPO) in the state and must be compatible with the TIPs for the state's metropolitan areas. States are required to develop this program under 49 U.S.C. 5304(g).

Transportation System Plan (TSP)

Typically serving as the transportation component of the local comprehensive plan, the TSP describes a transportation system and identifies projects, programs, and policies to meet current and future transportation needs of the community.

Evaluation Criteria

Avoidance

The use of legal methods to modify an individual's financial situation to lower the amount of income tax owed. For example, one could avoid paying a vehicle registration fee by registering their vehicle in a county in which the tax is not imposed. Mechanisms that are easy to avoid may fare worse than mechanisms which are more difficult to avoid.

Compatibility with Existing Funding Measures

Compatibility with existing funding mechanisms evaluates the extent to which new tools will align with existing sources of revenues or create barriers to development, confusion with payers, or undue administrative burden. For example, if imposing a supplemental TSDC, the city could align the land use categories with TDT rate land use categories for consistency.

Efficiency

This category covers everything related to creating and maintaining net revenues (net of collection costs):

- **Capacity** considers how much revenue the mechanism can generate. The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always at least partially determined by legality and political acceptability.
- **Administrative ease** considers the portion of gross revenues that will be spent on administration. The easier it is to administer the mechanism, the more of the gross revenue collected that will be available as net revenue for capital or operations and maintenance. Increasing the rate of an existing funding mechanism is often easier (cheaper) to administer than a new mechanism.
- **Stability / predictability** considers whether the mechanism is likely to avoid large fluctuations each year and whether the revenue it generates is likely to be close to the forecasts that analysts might make. The more stable a mechanism, the more it can be assumed to contribute constant revenues over time.
- **Flexibility** considers limitations on the types of projects that can be funded with a given mechanism. A mechanism may be less useful if its use is limited to certain types of projects. In general, flexibility is a positive attribute because there is a greater ability to channel funds toward uses with the greatest net benefit at any point in time. The flip side is that if a revenue tool is too flexible it can be difficult to “protect” it from being redirected to other uses.

Fairness/Equity

Equity in transportation finance addresses how benefits and costs are distributed, as well as how transportation related taxes, fees, and charges impact low-income versus high-income people.

- **Fairness**. User pays principle: users imposing the greatest cost on the transportation system should pay more. Revenue sources for transportation ought where possible to be structured in ways that encourage efficient use of the transportation system.
- **Social equity.** Benefits and costs (plus related taxes, fees, charges) are equitably distributed to low-income vs. high-income people. Is the funding source regressive or progressive?

Legality

If enabling legislation does not exist at the state or federal level, then funding sources face a much higher hurdle. As a result, most plans focus on funding sources that can be approved by local government under existing state or federal legislation.

Political Acceptability

Plays a critical role in decisions about whether or not to use it, and politicians are unlikely to support fees or charges that are strongly opposed by the public. Political acceptability may be especially important in attempts to create new regional sources of transportation revenue.

Public Preference

The acceptability of specific funding options can be determined though surveys and public consultations. Public preferences can vary depending on the group surveyed, how questions are phrased, and how funding options are structured and implemented.

Revenue Capacity

The amount of money that a funding mechanism can be expected to generate, based on various assumption about how it is implemented. The ability of a funding mechanism to generate the needed revenue is a key measure of its attractiveness. The amount any mechanism can raise is directly tied to the rate imposed, and the rate imposed is always, at least partially, determined by legality and political acceptability. One may also consider the following subcategories:

- **Yield.** Different revenue mechanisms will produce different yields. Some mechanisms are unlikely to produce adequate funding to support large capital projects, although they may be sufficient to cover smaller funding needs.
- **Growth Potential.** The value of a revenue steam’s potential for growth over time

Support for Other Objectives

Planning rhetoric that puts transportation in the context of sustainable communities [e.g. joint efforts HUD, EPA, USDOT], and in doing so elevates objectives that go beyond performance of the transportation system.

Timing

Timing considers when revenues will become available. Mechanisms that do not provide revenue until after private development occurs, such as tax increment financing, may be ill suited to fund up-front construction costs.

Travel Impacts

The effect a funding mechanism might have on how and how much people travel as well as and the degree that it supports or contradicts strategic objectives, such as reducing vehicular travel or increasing transit usage.