



September 2014

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Legislative Committee Services
State Capitol Building
Salem, Oregon 97301
(503) 986-1813

Background Brief on ...

Public Transit

Background

The shared trip, sharing cost and saving time, has historically been a key element for social and economic progress. Rail, streetcar, and buggy played a role in the development of the West. Transit systems were largely private prior to 1950, but as automobiles and fuel became more available and affordable, private transit companies gradually lost business to a growing auto industry. Subsidies to support public transportation programs began four decades ago. Policy makers discovered that the benefits of transportation alternatives go beyond the people who use the service. Reductions in congestion, pollution, and fuel consumption, and improved social equity, economic competitiveness, and community health are direct benefits of an efficient and well-used, connected transit system.

In addition, the measure of independence provided by transportation alternatives allows many people the critical opportunity to remain active or to stay in their own homes.

Federal transit funding dates back to 1961, with the enactment of the Housing and Urban Development Act that funded transit demonstration projects. State involvement with transit began in 1969 with the creation of the Oregon Highway Department's Public Transit Division and the enactment of a bill authorizing the formation of mass transit districts.

One of the biggest changes to the transit landscape occurred in 1990 with the passage of the federal Americans with Disabilities Act (**ADA**). Because the ADA requires accessibility features on transit vehicles and provision of transportation services for those who cannot use existing fixed-route systems, it has been a major cost driver for transit providers. An aging population is expected to dramatically increase demand for such services. Recent rulings have again increased ADA requirements to improve equipment.

Most states support their local transit systems to some degree. Common sources of revenue for transit in other states include state fuel taxes, vehicle registration fees, and sales taxes. Local sources include local sales taxes, local fuel taxes, fares, and payroll taxes.

Transit Structure and Funding in Oregon

Oregon's public transportation system is a business providing hundreds of jobs and expending over \$500 million annually in Oregon on operations. Large and small system providers deliver more than 141,000,000 annual trips across the state. The Tri-County Metropolitan Transportation District (**TriMet**), in the urbanized Portland metropolitan area, offers a full menu of services and provides about 82 percent of transit trips in Oregon, with other urban centers and rural areas making up the remainder of trips. A fleet of more than 2,000 publicly owned transit vehicles serve Oregon; approximately 800 serve the Portland Metro area, 400 in other urban systems, and 800 around the state in rural communities. About half of these vehicles have been purchased with assistance from the Oregon Department of Transportation (**ODOT**).

The Public Transportation Advisory Committee (**PTAC**) is the statewide advisory body representing counties, districts, tribes, and other interested entities and works with ODOT on public transportation policy, vision, and advice on investment strategy. Its vision for Oregon is:

As an integral part of the greater state transportation system, public transportation resources provide users with seamless access, mobility, and connectivity. Citizens and visitors benefit economically through access to services, employment, and recreation which in turn promotes healthy thriving communities.

Oregon's locally operated public transportation systems include mass transit districts, transportation districts, city and county providers, and more than 100 other transportation providers. Many are senior

centers and other small, private non-profit entities serving seniors and persons with disabilities.

TriMet is the state's largest provider. Its district boundaries cover most of the metropolitan areas of Washington, Multnomah, and Clackamas counties. It operates 79 bus lines, four light rail lines with 87 stations, a commuter rail line with five stations, and **LIFT** (special transportation for people with disabilities). TriMet provided 100 million passenger trips in Fiscal Year (**FY**) 2013, an average of 316,700 per day. LIFT provided one million trips in FY 2013.

There are eight other transit systems in areas of 50,000 population and above in Oregon: South Metro Area Regional Transit (**SMART**), operated by the City of Wilsonville; Salem Area Mass Transit District (**SAMTD**), serving the urban area of Marion and Polk Counties; Lane Transit District (**LTD**), serving the urban area of Eugene/Springfield; Rogue Valley Transportation District (**RVTD**), serving the urban area of Medford, Ashland, and Central Point; City of Corvallis; Central Oregon Intergovernmental Council (**COIC**), serving the Bend area; Josephine County Transportation serving the Grants Pass area; Albany Transit Service serving the Albany urban area; and Milton-Freewater with the Confederated Tribes of Umatilla Indian Reservation (**CTUIR**) serving the new Walla Walla/Milton-Freewater urban area. Collectively, these urban agencies provided approximately 16 million bus trips in FY 2013, of which nearly one million were for older adults and people with disabilities using demand-responsive services.

Rural transit districts include Sunset Empire Transportation District, serving Clatsop County; Hood River County Transportation District; Tillamook County Transportation District; South Clackamas Transportation District, serving the Molalla area; Basin Transit Service Transportation District, serving Klamath Falls; Grant County Transportation District; and county transportation service districts in four counties: Lincoln, Yamhill, Coos, and Curry.

SAMTD, LTD, and COIC also provide rural service.

Cities and counties also operate transit services open to the general public, including the cities of Albany, Sweet Home, Lebanon, Grants Pass, Pendleton, Milton-Freewater, and Florence; and Benton, Linn, Coos, Curry, Sherman, Gilliam, Wheeler, Lake, and Harney counties.

In some rural areas of the state, a regional agency operates the service on behalf of the area, including: Community Connection of Northeast Oregon, on behalf of Wallowa, Union, and Baker Counties; Mid-Columbia Council of Governments on behalf of Wasco County; and Malheur Council on Aging and Disabilities on behalf of Malheur County, and in coordination with Payette County, Idaho.

The nine Indian Tribal governments in Oregon are also developing transit services, frequently in coordination with other local transit agencies. For example, Confederated Tribes of the Umatilla Indian Reservation offers regional service linking Mission and Pendleton to Walla Walla, La Grande, and the Tri-Cities in Washington. The Klamath Tribes “Quail Trail” operates transit services in the Chiloquin area, linking to Basin Transit Service in Klamath Falls. The other tribes are in the process of developing transit services to meet the needs of the Indian communities and their needs for access to work, medical care, and other individual needs.

In many areas of Oregon, public transit services are supplemented by the efforts of non-profit and human service agencies offering volunteer driver programs, such as to enable veterans to get to health care. Ride Connection, Inc., a non-profit agency operating in Washington, Clackamas, and Multnomah Counties operates a regional network of volunteer driver programs in coordination with the Oregon and federal veteran’s agencies, as well as local hospitals, American Red Cross, Multnomah County Aging and Disability Services, City of Forest Grove, and many other partners. In rural areas, the Oregon Department of Human Services and

regional hospitals operate volunteer programs that offer a critical link to health care for many people. With legislative support, ODOT is piloting projects in Southern Oregon, the Central Oregon area, and Linn and Benton counties to determine best practices with veteran’s programs to assist disabled veterans to access medical services.

Rural providers and non-profit agencies collectively provided about 4.6 million rides in FY 2013, including those for older adults and people with disabilities.

Local Financing

Oregon’s local public transit services are funded through a combination of local property taxes, local payroll taxes paid by employers, transit fares, federal funds, state funds, and lesser amounts from advertising, private funds, and other sources. Revenue sources commonly used to fund transit service in other states, such as gas and sales tax in Washington State, cannot be used in Oregon. The Oregon Constitution prevents funding transit with fuel tax or vehicle fee revenue, and Oregon lacks a state sales tax, although sales tax can be used as a local option.

Oregon’s larger transit providers rely primarily on local and federal revenues, while small transit providers are more dependent on state and federal assistance. Large systems generally also receive a higher percentage of operating revenues from fares than small systems. Larger transit providers compete for federal discretionary dollars to help complete larger capital improvement projects. In 2012, urban systems spent \$132.4 million in federal capital assistance.

The average cost per trip on fixed-route service ranges from about \$3 on high-frequency routes to \$10 in rural areas. Special transportation cost is much higher, ranging from \$15 to \$35, due to the one-to-one nature of the service. Labor accounts for a large portion of the cost.

Of the nearly 40 agencies providing general public transit services, 12 collect local taxes dedicated to public transit services. Of the 13

transportation districts, only six collect taxes that are more than 50 percent of their annual budget. ODOT's Rail and Public Transit Division estimates that the grant funds allocated to the transit operators form about 20-50 percent of their operations budgets. The majority of vehicles and other capital items purchased to support public transit services are obtained from federal and state-source grants.

State and Federal Funding

During the 2013-15 biennium, ODOT will have allocated \$28.4 million in state funds to 33 counties and transportation districts and nine tribal governments. State dollars support local transportation services for older adults and people with disabilities and are distributed through both a formula based on service-area population and a discretionary grant program.

State transit revenue is comprised of four sources: a dedicated two cents of the state's cigarette tax; non-vehicle fuel taxes; a portion of state identification card fees, and state General Fund dollars. For the 2013-15 biennium, the state expects to distribute nearly \$7 million in cigarette tax revenues, \$11 million from the General Fund, \$6.6 million in non-vehicle fuel taxes, and \$3.8 million in state identification card fees. The funds are used primarily for transit operations, and are frequently used to match federal-source funds also contributing to transit for older adults and people with disabilities. The funds contribute to provide 17 million demand-response and fixed-route transit rides for older adults and people with disabilities per year.

In addition to state revenue, in the 2013-15 biennium, ODOT is distributing \$22 million in capital funding from the federal Surface Transportation Program to providers of transportation for older adults, people with disabilities, and rural communities. These funds are the result of legislative initiatives starting in 1999.

Federal funds administered by the Federal Transit Administration (**FTA**) are derived primarily from 2.86 cents of the 18.4 cent

federal gas tax. Federal programs provided approximately \$188.8 million in formula assistance to Oregon transit providers during the 2013-15 biennium. Amounts received by Oregon providers included planning (\$2.6 million), elderly and disabled capital assistance (\$6.6 million), urban area assistance (\$107 million), small city and rural areas programs (\$24 million), Indian reservations (\$1.7 million), state of good repair for fixed guideway (\$34.7 million), and bus/bus facilities (\$11.8 million).

The state also supports some transit districts through General Fund dollars "in lieu of payroll tax" for state employees in those districts. In the 2011-13 biennium, about \$19.6 million in lieu of payroll tax was distributed to 10 taxing districts. This revenue represents a significant share of Salem Area Mass Transit District's operating revenue due to the number of state employees based in Salem.

The state also uses \$1.7 million federal dollars to promote "Transportation Options" and to develop and provide on-line information about strategies that reduce drive-alone auto trips.

Other state-source funds available to support public transit services during past biennia include the former Business Energy Tax Credit (**BETC**) Program. Use of BETC credits had previously contributed about \$10 million per biennium. The 2011 Legislative Assembly restructured the BETC program and phased out the tax credits for transportation projects over a three-year period.

The Rail and Public Transit Division provides planning and technical assistance to local service providers, offers operating support to smaller providers, serves as a link between the Federal Transit Administration and local providers, and distributes and administers grants and formula funds. The division also facilitates local development of ridesharing, telecommuting, and other strategies to reduce single-occupancy car trips.

Fleet Needs

More than half of Oregon's public transit vehicles are due for replacement in the next five years. Scheduled replacement allows the fleet to meet the FTA's required replacement standard of 80 percent of age and mileage standards for size of vehicles. Oregon will lose significant gains that were accomplished with federal American Recovery and Reinvestment Act (**ARRA**) and the state's 2009 Jobs and Transportation Act (**JTA**) stimulus programs if buses are not replaced. The two stimulus initiatives brought Oregon's public fleet to a state of good repair and increased transit service capacity.

Light Rail

The State of Oregon was one of the funding partners for construction of TriMet's east and west side MAX light rail lines. For the east side, the 1979 Legislative Assembly appropriated \$16.1 million to a Light Rail Construction Fund. Interest earnings over the project life increased the state contribution to \$25 million. For the west side, the 1991 Legislative Assembly dedicated up to \$20 million per biennium in lottery revenues for repayment of \$113.6 million in bonds sold to help finance the project. The principal funding sources for both the east and west side construction projects were federal funds and locally approved property taxes. The federal share for the west side was 75 percent, while the state share was approximately 12.5 percent. The state did not contribute toward construction of the Airport MAX line (opened in 2001) or the Interstate Avenue extension (opened May 2004), but did approve \$250 million in lottery-backed bonds to extend the Green Line south to Clackamas Town Center, which opened September 2009. Construction is underway on an Orange Line to Milwaukie, currently scheduled to begin service in July 2015.

Bus Rapid Transit

A number of local transit systems nationwide, including Lane Transit District in Oregon, are using or planning bus rapid transit (**BRT**) systems. These systems combine dedicated bus lanes, limited stops, signal prioritization, and, in

some cases, "fixed guideways" and train-like stations to improve service and encourage transit-oriented development. The 2009 Legislative Assembly provided \$1.9 million to support the expansion. In 2009, Lane Transit District expended \$21.9 million in federal funds, \$2.1 million in state funds, and \$5 million in local funds on Eugene-area transit improvements for its Emerald Express (**EmX**) BRT system.

The community's first EmX corridor, the Franklin line, was introduced in January 2007 and currently operates between downtown Eugene and downtown Springfield. In its first year of operation, the EmX service exceeded 20-year ridership projections and more than doubled passenger boardings from previous conventional bus service. The second EmX corridor, the Gateway line, began operating in January 2011, extending EmX service beyond the Franklin line. The line connects downtown Springfield with the new PeaceHealth medical complex and the Gateway area.

Planning is currently underway for a third corridor, the West Eugene expansion, with a planned implementation date of January 2017. The expansion will increase system-wide trips by an estimated 500,000 in the first year. The estimated project cost of \$95.4 million is to be provided for by the following sources:

- \$75 million Federal Small Starts Funding (requested)
- Up to \$30 million State Lottery Bonds:
 - \$ 1.6 million (approved in 2009)
 - \$ 4.2 million (approved in 2011)
 - \$15.0 million (approved in 2013)

Rail Initiatives

Commuter Rail: TriMet inaugurated its commuter rail connection between Beaverton and Wilsonville, known as the Westside Express Service (**WES**), in February 2009. The train provides service during morning and afternoon commute hours, serving stops in Tigard and Tualatin (see *Freight and Passenger Rail Background Brief* for more information).

Trolleys and Streetcars: Portland and TriMet operate an eight-mile streetcar loop between

Legacy Good Samaritan Hospital and the South Waterfront District. Streetcars serve 46 stations and run approximately every 12 minutes. The Portland Streetcar Loop Project is a 3.3-mile, double-track extension of the existing Portland Streetcar and extended tracks from the Pearl District, across the Broadway Bridge, connecting via Weidler Street to Lloyd Center at NE 7th Avenue, south on MLK Blvd. to OMSI and return north on Grand Avenue to Broadway and the Pearl District. The Loop Project provided 28 new streetcar stop locations and opened in Fall 2013. The project will eventually extend south across the new Milwaukie Bridge in 2015. The 2007 Legislative Assembly provided \$20 million in lottery-backed bonds to support the manufacture of streetcars in Oregon for the new loop. All cars have been successfully manufactured and delivered.

Additionally, four vintage trolleys operate Sundays-only on light rail track between Union Station and Portland State University. Astoria operates a riverfront trolley between Memorial Day and Labor Day. Lake Oswego operates the *Willamette Shore Trolley* on a six-mile, historic rail line from the city's downtown area into Portland.

ConnectOregon

The Legislative Assembly created the multimodal *ConnectOregon* program in 2005, authorizing \$100 million in lottery-backed bonds during each of the 2005, 2007, and 2009 sessions. In 2011, \$40 million was authorized for *ConnectOregon IV*. *ConnectOregon* provides grants and loans for non-highway transportation projects, including aviation, marine, rail passenger and rail freight, bike/pedestrian, and public transportation projects. ODOT administers a competitive application process for *ConnectOregon*. The Oregon Transportation Commission selects projects for funding, with input from modal and regional committees, and a Final Review Committee.

The Oregon Transportation Commission approved \$13.7 million in grants for six transit projects for *ConnectOregon I*; five transit projects totaling \$10.5 million for

ConnectOregon II; six projects totaling \$8.6 million for *ConnectOregon III*; and four projects totaling \$4 million for *ConnectOregon IV*. A total of \$3.3 million is currently being considered for six *ConnectOregon V* transit projects.

Looking Ahead

Recent years have been difficult for public transit agencies. Local funds are reduced or are flat, with demand for service and costs rising.

The impact of less revenue varies across the state. TriMet reduced days and hours of selected bus routes and light rail, and increased fares as a result of budget deficits. Lane Transit District has cut service; Salem Area Mass Transit District is responding to demand by reconfiguring routes - reducing service from low-use routes and increasing frequency and coverage in other areas. Most agencies in Oregon are making similar cuts in service which result in less opportunity for mobility and increased crowding on buses. Some transit agencies are responding by purchasing larger vehicles. However, the cost of larger vehicles is nearly \$350,000 for a bus with capacity of 36-50 people as compared to \$75,000 for a bus with capacity of up to 22 people. Smaller transit agencies, whose service is limited, do not have the revenue or capacity to increase service.

Other emerging needs include facilities to secure and maintain transit assets; need for increased investment in technology – rural transit in particular does not have the revenue to invest in increasingly necessary technology to manage the operations and finances of the transit program, and to provide necessary communication technologies to meet customer needs. Regional transit networks are increasingly required to meet people's travel needs, as jobs and medical care become more regionalized. Local communities have very limited ability to invest in service that meets people's needs to access work and other daily travel needs.

Staff and Agency Contacts

Patrick Brennan
Legislative Committee Services
patrick.h.brennan@state.or.us
503-986-1674

Hal Gard, Administrator
[Rail and Public Transit Division](#)
503-986-3300
Dinah Van Der Hyde
503-986-3885

[Oregon Transit Association](#)
503-601-5336

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