January 2020

Oregon Department of Transportation

Statewide Transportation Improvement Fund Program:

A Report to the Joint Committee on Transportation

Key Outcomes Benefitting Oregonians

A few of the documented benefits stemming from first quarter reporting include:

- 2.7 million passenger rides/trips
- More than 100,000 hours of new bus service
- 1.3 million new revenue miles of transit service
- 3,500+ additional high school students with access to free or reduced transit fares

Lincoln County students using transit thanks to the expansion of student transportation under STIF programs. Photo by Lincoln County

A few of the outcomes estimated by the conclusion of the 2019-2021 biennium follow. Additional details are located in the Formula Fund and Discretionary Fund sections below.

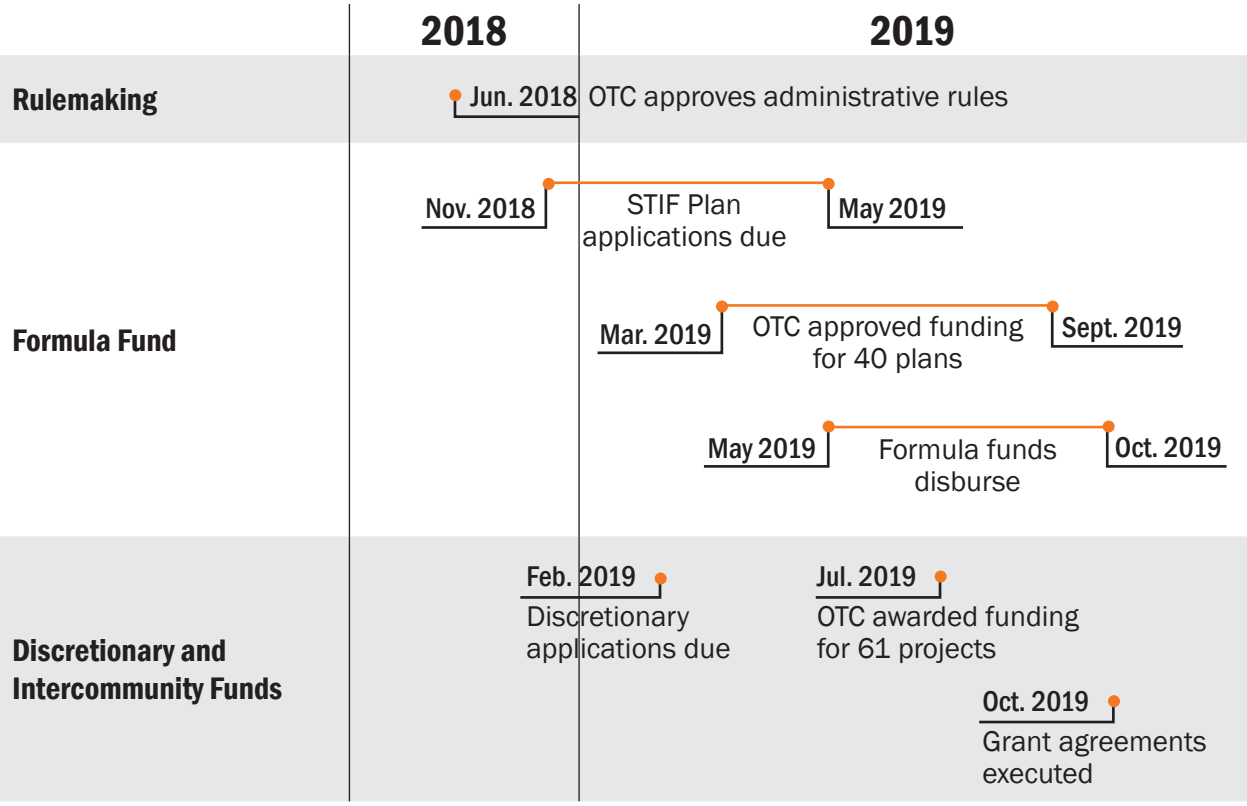
- 38 million new transit passenger rides
- 1.3 million hours of bus service
- Filling more than 300 miles of transit service gaps across the state to connect communities
- 329 new buses (~30% low or no emission)
- About 500,000 new rides provided to students in grades 9-12
- $2.6 million in additional transit service revenue leveraged from $5.3 million STIF investment

Establishment of the Statewide Transportation Improvement Fund

In 2016, the Joint Interim Committee on Transportation Modernization and Preservation traveled the state to learn about and discuss transportation gaps, services and issues. Among the key themes heard was a strong need for the state to invest in public transportation as part of a balanced package that addresses all transportation modes.

House Bill 2017 made a significant investment in the improvement and expansion of Oregon's statewide transit network. The Statewide Transportation Improvement Fund (STIF) provides a new dedicated source of funding to expand public transportation to access jobs and public services, improve mobility, relieve congestion, and reduce greenhouse gas emissions. STIF is funded through a payroll tax of one-tenth of one percent (0.1%) on wages paid to employees.

Major Milestones



Program Integration

Rulemaking for STIF in 2018 sought efficient integration with existing ODOT programs, strategic investment of funds, collaboration with public and private stakeholders, and meaningful public input. The Oregon Public Transportation Plan was updated and adopted in 2018 and provides a policy framework to guide STIF and other transit investments.

Service Expansion

"Expanding the routes is the best thing that ever happened to this neighborhood and the disabled community here. I'm still very much alive and now I'm able to get out there and go be alive."

– **Alvin Stanley**, Medford resident

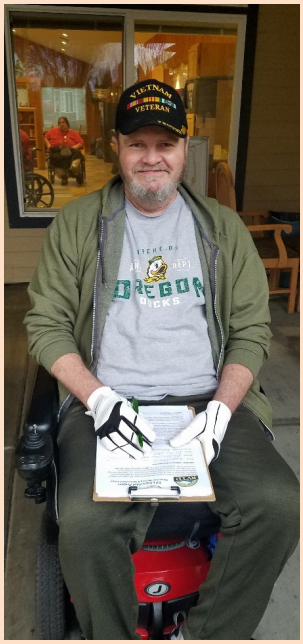
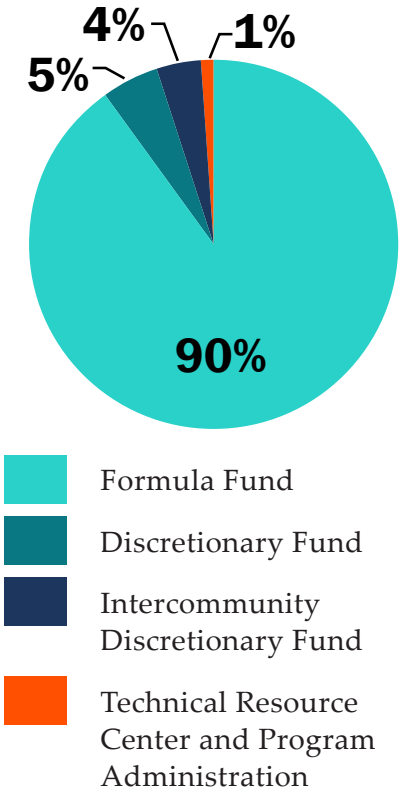


Photo by Rogue Valley Transportation District

Fund Allocation Summary

STIF revenues are allocated to four funds, with 90% distributed by formula, 5% awarded to providers through a statewide competitive grant program, 4% awarded to improve public transportation between communities and 1% to ODOT for a technical resource center to assist rural providers with training, planning, and information technology, and to fund ODOT administration of STIF.



Fund Forecast

The December 2019 STIF forecast estimates the payroll tax will generate $253 million during the 2019-2021 biennium. Oregon House Bill 2377 directed the transfer of $10.1 million in STIF resources to the Special Transportation Fund (STF) to fund services for older adults and people with disabilities. Over the past few biennia, the STF program has received General Fund revenues. However, no General Funds were appropriated to this program for the 2019-21 biennium. Even with the STF transfer in July 2019, the December 2019 STIF revenue forecast is approximately $18.5 million higher than the December 2018 forecast.

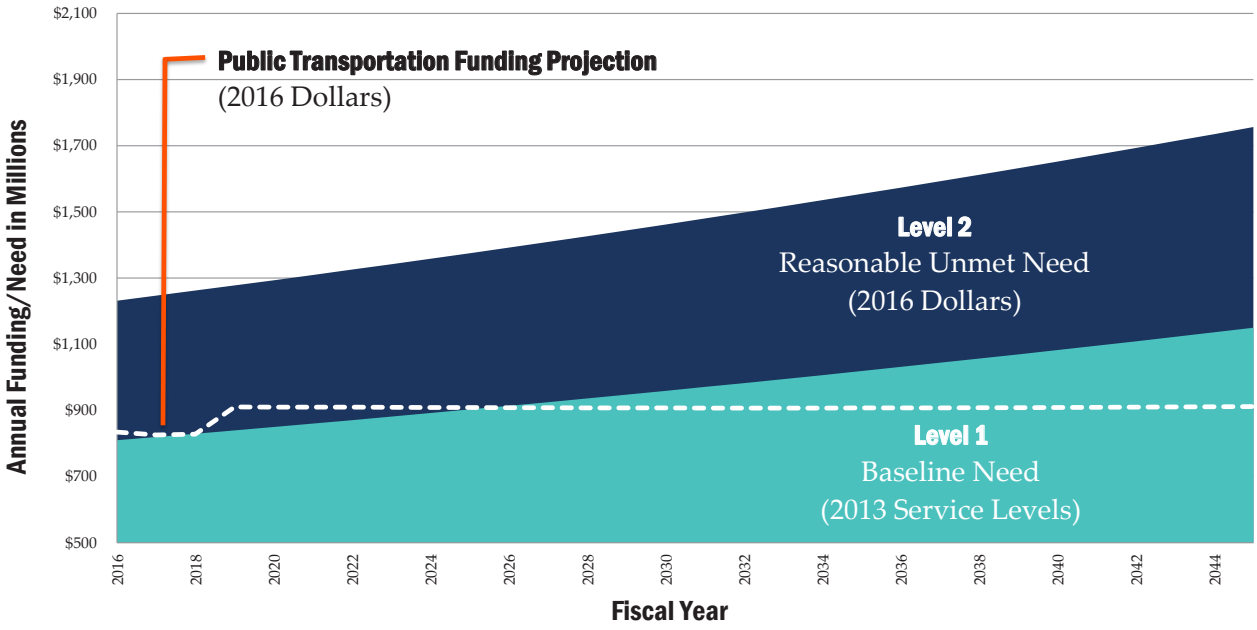
STIF Revenue Forecast FY 2019-2021, December 2019

Funds	December 2018 Forecast for FY 19-21*	December 2019 Forecast for FY 19-21*	$10.1 M transfer from STIF to STF, July 2019	December 2019 Forecast for FY 19-21* less $10.1 M transferred to STF
Formula Fund	$201.9 million	$227.7 million	($7.8 million)	$219.9 million
Discretionary Fund	$11.2 million	$12.7 million	($0.6 million)	$12 million
Intercommunity Discretionary Fund	$9 million	$10.1 million	($1.6 million)	$8.5 million
Technical Resource Center and ODOT Administration	$2.2 million	$2.5 million	$0	$2.5 million
Total	**$224.4 million**	**$253 million**	**($10.1 million)**	**$242.9 million**

* Includes 10 quarters of revenues: Q3 and Q4 of FY 2019 and FY 2020-2021

STIF Impacts on Transit Needs

Increased public transportation funding as a result of STIF helps to grow transit service in the short-term and keep pace with population growth in the mid-term. However, by around 2026 the additional funding does not keep pace with population growth and service levels are projected to decline below 2013 levels, as shown in the chart below.



The chart comes from the 2018 Oregon Public Transportation Plan and has been updated with the most recent revenue projections. Level 1 investment is about holding service constant to 2013 levels, commensurate with population growth. Level 2 is a moderate estimate of additional investments needed in order to expand and enhance service to achieve plan goals.

Photo by Oregon Department of Transportation

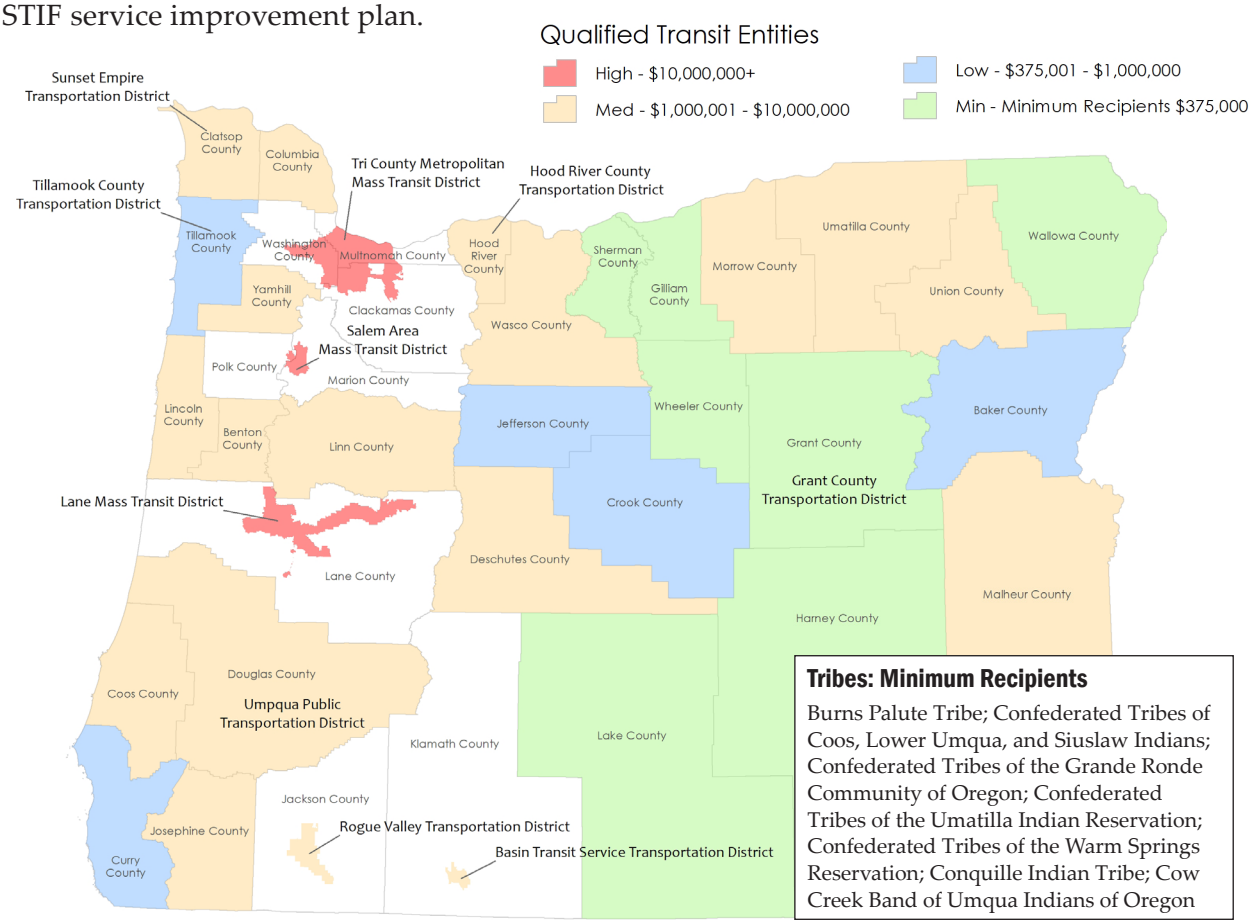
Fund Details

Formula Fund

The STIF Formula Fund provides qualified entities resources to expand public transportation services, with an emphasis in seven areas specified in statute. Funding is contingent on OTC approval of a qualified entity's STIF service improvement plan.

Qualified Entities:

- Mass transit districts, transportation districts
- Counties without either a mass transit or transportation district
- Federally-recognized Tribes



Tribes: Minimum Recipients

Burns Palute Tribe; Confederated Tribes of Coos, Lower Umqua, and Siuslaw Indians; Confederated Tribes of the Grande Ronde Community of Oregon; Confederated Tribes of the Umatilla Indian Reservation; Confederated Tribes of the Warm Springs Reservation; Conquille Indian Tribe; Cow Creek Band of Umqua Indians of Oregon

Formula Fund Areas of Emphasis:

- Fare reduction for low-income households
- Purchase of low/no emission vehicles
- Improved service connections between communities
- Increased frequency of bus service for low-income households
- Expansion of bus routes to reach low-income households
- Coordination between Public Transportation Service Providers
- Improved transit service for students in grades 9-12

Discretionary and Intercommunity Funds

STIF Discretionary and Intercommunity funds are awarded on a statewide competitive basis. Project selection criteria and funding award decisions are made by the OTC, using criteria derived from statute and the Oregon Public Transportation Plan.

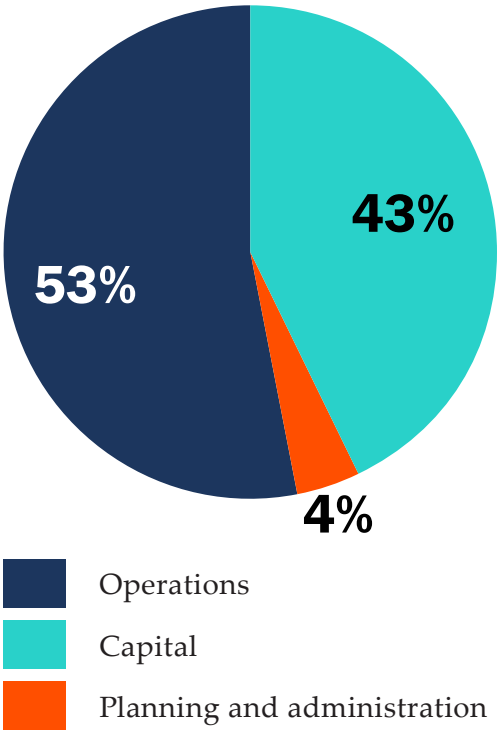
Discretionary and Intercommunity Selection Criteria Categories:

- Expands service to vulnerable or transportation-disadvantaged people
- Improves statewide transit network connections
- Reduces greenhouse gas emissions
- Protects fleet condition to keep buses in a state of good repair
- Increases use of alternative modes of transportation, such as walking, biking and riding transit

Formula Fund Approved Expenditures and Outcomes

The OTC approved $224 million in Formula Fund disbursements for FY 2019-21, allocated across three main budget categories:

- Operations $118 million (53%)
- Capital $96.6 million (43%)
- Planning and administration $10 million (4%)



Estimated Formula Outcomes

Operations

- 38 million new transit passenger rides
- 1.3 million hours of bus service
- 215 million revenue miles of bus service
- 254 new transit stops shared with other providers
- 500,000 new rides provided to students in grades 9-12

Capital

- 294 new vehicles with 89 low or no emission (63% support expanded services and 37% replace vehicles to keep the fleet in a state of good repair)
- 21 facilities constructed, expanded, or renovated
- 2,100 pieces of equipment (e.g., shelters and signs, security equipment, bike racks, and charging infrastructure)

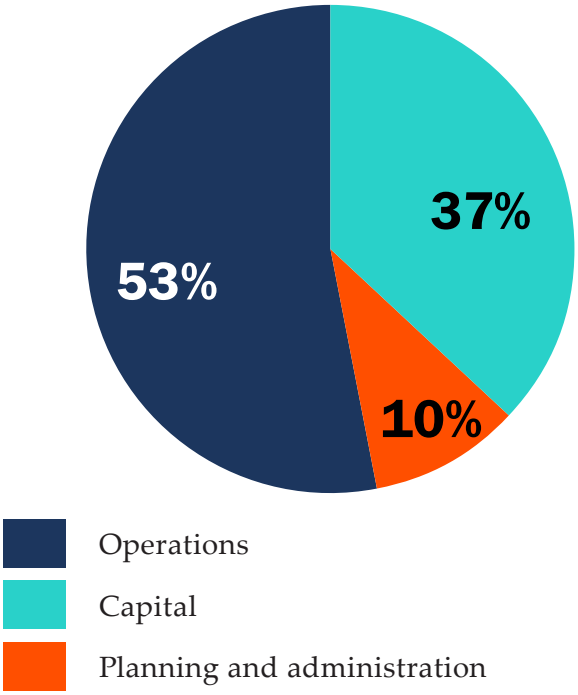
STIF statute requires qualified entities to specify the amount of Formula funding allocated to seven areas of emphasis. Qualified entities have allocated funding to the areas of emphasis as specified below for FY 2019-21.

Formula Fund Areas of Emphasis	Funding Allocated	Percentage*
Increased frequency of bus service for low-income households	$78.8 million	35%
Expansion of bus routes to reach low-income households	$72.8 million	33%
Fare reduction for low-income households	$22.3 million	10%
Purchase of low/no emission vehicles	$60.5 million	27%
Improved service connections between communities	$25 million	11%
Coordination between Public Transportation Service Providers	$10.1 million	5%
Improved transit service for students in grades 9-12	$26.4 million	12%

* Total exceeds 100% because a single project can have benefits across multiple areas of emphasis

Discretionary Fund Grant Awards and Outcomes

STIF Discretionary and Intercommunity Discretionary funding awards totaled nearly $18 million for FY 2019-21 across three broad budget categories with $9.5 million (53%) for operations, $6.5 million (37%) for capital, and $1.7 million (10%) for planning and project administration.



Low-Income Fare

Photo by TriMet

"I think the low-income fare has been sort of a godsend to our community. It's something that people count on. If they can pay a quarter of what they would have to pay, that's a little bit more money that they can use to pay for rent and pay for food and other things."

– **Maria Caballero Rubio**, Executive Director of Centro Cultural

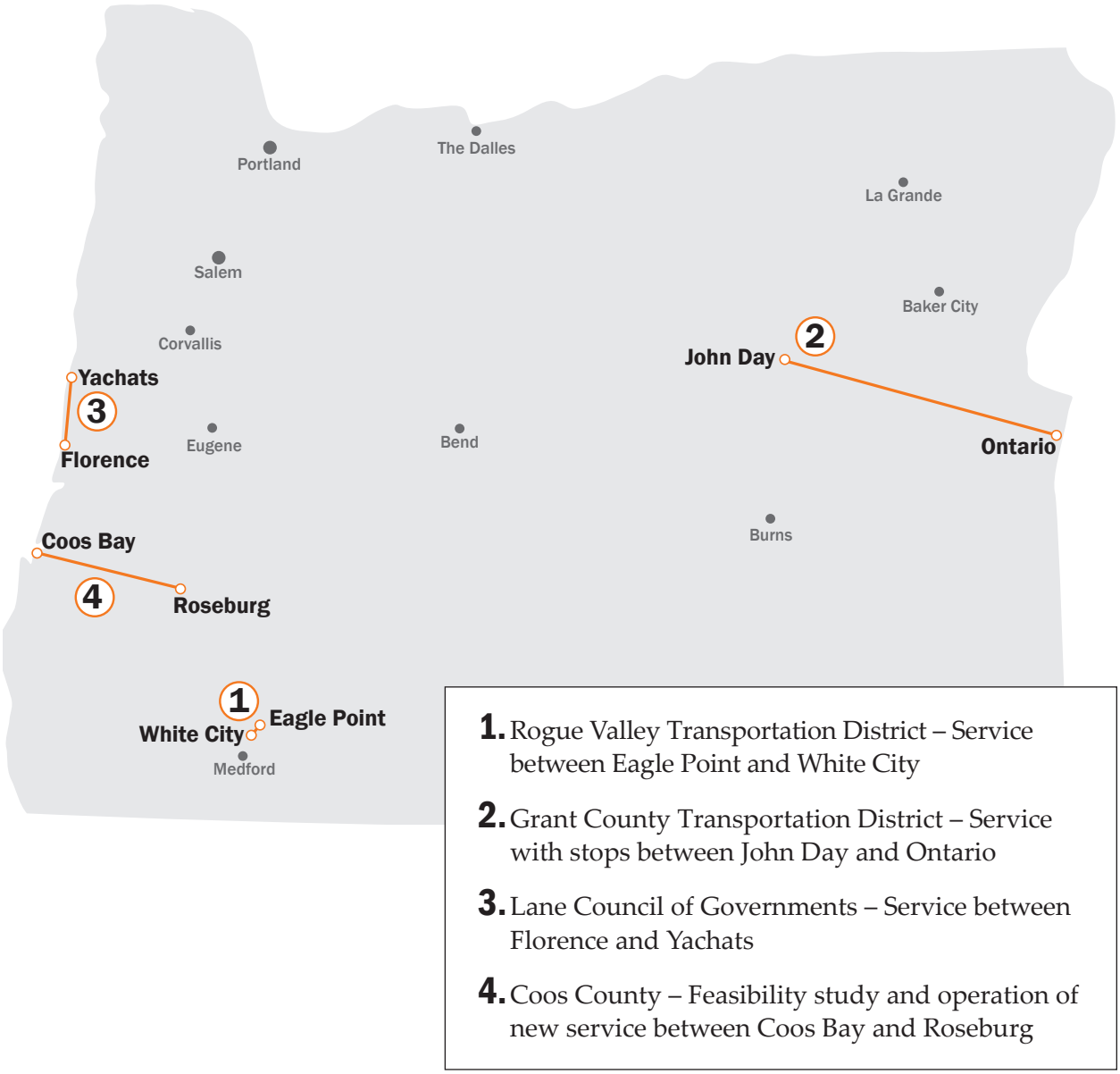
Outcomes

This funding supports the purchase or improvement of the following capital assets:

- 35 vehicles (21 gas/diesel and 14 low or no emission)
- 3 facilities constructed, expanded or renovated
- 500 pieces of equipment

STIF is funding projects that fill gaps in the statewide public transportation network so that people throughout Oregon have better access to jobs and services.

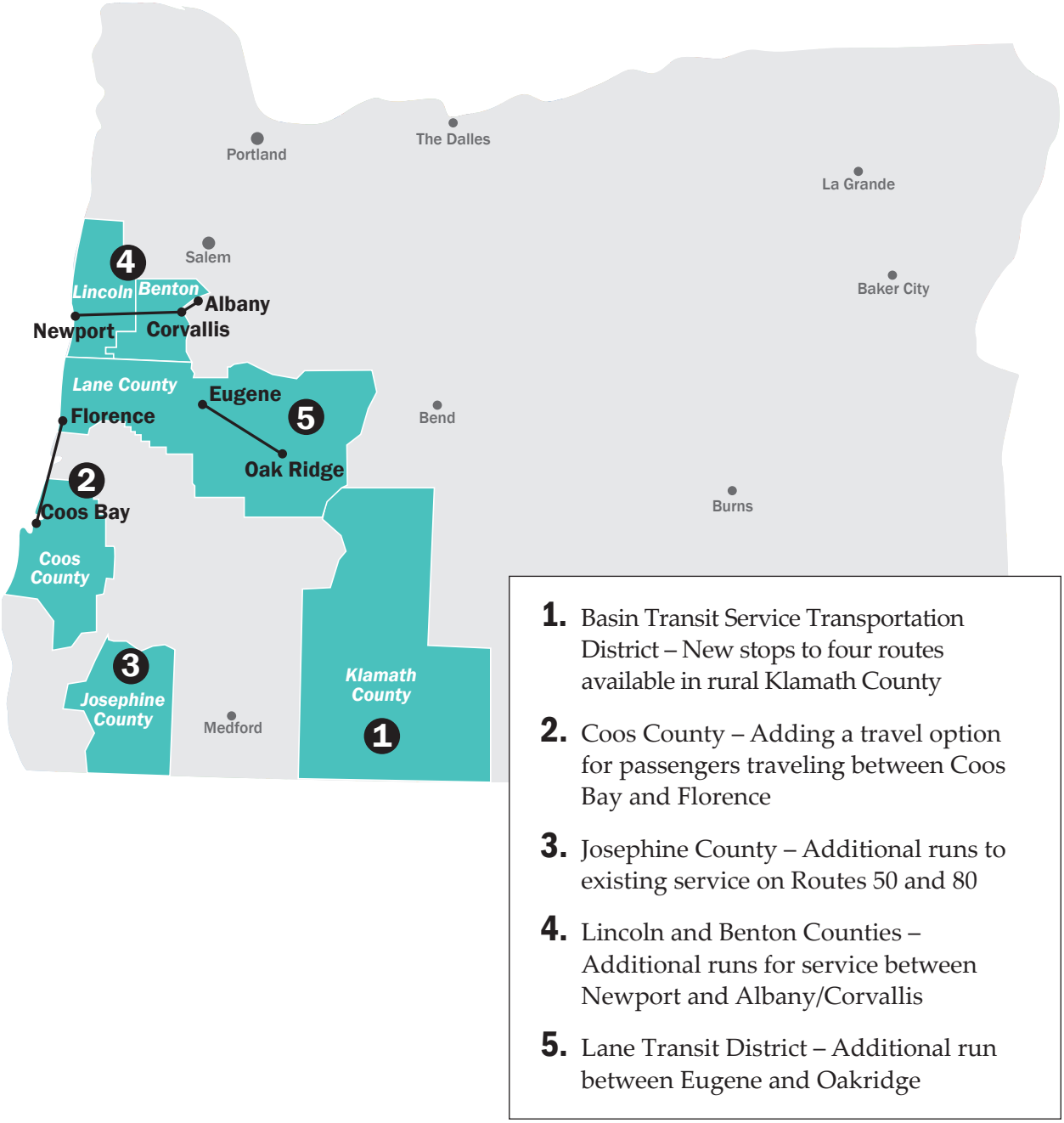
Over 300 one-way miles of gaps in the statewide transit network will be filled. Four examples are shown below:



In addition, STIF is improving existing service between cities by increasing the frequency of service and adding stops in additional cities. It is also enabling local providers to assume management and operations of gap services currently managed by ODOT, such as the intercity portion of the Columbia Gorge Express, which transitioned to Hood River County Transportation District in November 2019.

Grant recipients are required to report service outcomes, including the number of transit rides. ODOT will report actual outcomes as the data becomes available.

Examples of five routes expanded to include more destinations or trips per day:



Accountability and Reporting

ODOT oversees STIF funding recipients to ensure consistency with STIF statute and administrative rules through multiple review mechanisms. ODOT program and fiscal staff review quarterly reports on expenditures and outcomes for consistency with approved funding agreements. Staff annually review financial audits, adopted budgets, and reporting on low-income tax mitigation actions. A third-party ODOT contractor conducts on-site review of STIF recipients for consistency with STIF requirements pertaining to accounting, local processes, funding sub-allocation method, plan content, and vehicle maintenance and capital asset management. Third party review of STIF recipients started in May 2019. Fourteen recipients have been reviewed to date, yielding only one finding that was easily remedied.

STF/STIF Consolidation

During the 2019 Legislative Session, the Oregon State Legislature directed ODOT to consolidate two state-funded public transportation programs—STF and STIF—into a single public transportation program. ODOT has developed a recommended set of concepts to inform statutory changes. If the 2020 Legislature takes action on statutory amendments required to consolidate the two programs, ODOT will take action to implement the changes as directed.

Student Transit

Photo by Lincoln County

High school students in Lincoln County are receiving hands-on rider training and free student passes. School district staff are so pleased with the results that they have asked the transit district to expand the training throughout the county. Lack of transportation is one of the leading causes of student absenteeism. Expanding public transportation and access to transportation options helps reduce absenteeism and improve student access to after school activities, internships, and jobs. Thanks to the expansion of student transportation under STIF programs, these Newport High School students have the tools to succeed in school.

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