

## **February 12 Agenda Item**

To: Board of Commissioners  
From: Linn County Transportation Advisory Committee  
Mark Volmert, Special/Rural Transportation Coordinator  
Subject: ODOT STIF Sub-Allocation Method

### **Recommendation:**

The Transportation Advisory Committee recommends that the Board of Commissioners approve the Linn County STIF Sub-Allocation Method

### **Background:**

As indicated in the attached January 31 memo to the Linn County TAC, ODOT STIF guidance requires transit districts/counties/tribes to work collaboratively with Public Transportation Service Providers to develop a method for sub-allocating Statewide Transportation Improvement Fund (STIF) Formula Fund money to public transportation service providers. Oregon Administrative Rules require, as a starting point for funding prioritization, the amount of employee payroll tax revenue generated within the geographic territory of each public transportation service provider. This is intended only as a “starting point” for the funding prioritization process of districts/counties/tribes. ODOT specifically notes it is “not an entitlement to public transportation service providers and decision criteria may affect the prioritization of projects”.

### **Linn County Process:**

The Linn County TAC has worked closely with public transportation service providers in Linn County regarding the sub-allocation method. It is important to note that three of the four managers of public transportation programs in Linn County have between 9 and 22 years of service on the TAC. The Special/Rural Transportation Coordinator provided information regarding population, income and jobs/wages.

TAC members and public transportation service providers worked on drafts of the sub-allocation method at the December 4 and January 31 TAC meetings and ODOT staff was present as an STIF resource.

The TAC, with the strong support of Public Transportation Service Providers, on January 31 recommended the approval of the attached Linn County Sub-Allocation Method (it was forwarded to the Board of Commissioners on February 2).

Oregon Administrative Rules establish a minimum for the sub-allocation method: “to the extent possible, using the best available data, the sub-allocation method used must be proportionate to the amount of employee payroll tax revenue generated within the

geographic territory of each Public Transportation Service Provider...the sub-allocation estimate shall be a starting point for the funding prioritization process. The sub-allocation is not an entitlement to the Public Transportation Service Provider and decision criteria may affect the prioritization of Projects". *OAR 732-040-0020*.

Simply as background information, the preliminary conceptual requests discussed by Albany, Lebanon and Sweet Home each exceed the payroll tax that is estimated to be collected in their community.

The TAC and Public Transportation Service Providers considered it very important to consider far more items than the location where payroll taxes collected; and to provide a clear picture to local policy makers and the general public of the allocation factors that will be considered. They wanted to include the long list of HB 2017/ODOT OAR priorities (certainly with an emphasis on service to low income households). Population, improved service connections, gaps in service, service for high school students and the capability/capacity to deliver high priority and cost-effective service in a reasonable time frame are just some of the other factors. "Good value to taxpayers" is included as a specific factor in the allocation decision.

The sub-allocation method also outlines (1) the assessment of Albany, Millersburg and Tangent as a single "AAMPO area"; and (2) the general concept of allocating most of the first funding cycle revenue to communities that currently have an interest in expanding transit service as well as the capability/capacity to deliver high priority and cost-effective service in a reasonable timeframe. The working concept is to work with other communities in the next two years and look toward potential service to these areas in the second funding cycle.

January 31, 2019

To: Linn County TAC and Public Transportation Service Providers  
From: Mark Volmert, Special/Rural Transportation Coordinator  
Subject: ODOT STIF Sub-Allocation Method

**Background:**

ODOT STIF guidance requires transit districts/counties/tribes to work collaboratively with Public Transportation Service Providers to develop a method for sub-allocating Statewide Transportation Improvement Fund (STIF) Formula Fund money to public transportation service providers. Oregon Administrative Rules require, as a starting point for funding prioritization, the amount of employee payroll tax revenue generated within the geographic territory of each public transportation service provider. This is intended only as a “starting point” for the funding prioritization process of districts/counties/tribes. ODOT specifically notes it is “not an entitlement to public transportation service providers and decision criteria may affect the prioritization of projects”.

I wish to note the discussion at many TAC and BOC meetings over the years regarding public transit service. Transit, by nature, involves the movement of people between their residence and their place of employment, school, shopping center, medical office, public facility and other locations. When, for example, a person who lives in Lebanon and uses public transit to access a site in Albany both communities are served.

It is also important to understand that HB 2017/STIF, through its allocation process, amends this core benefit. In theory, HB 2017/STIF funds could be allocated on an equal formula basis to the place of residence (where the taxpayer lives) as well as the place of employment (where the taxes are collected). But, for reasons of administrative and reporting convenience (as well as Tri-Met’s concerns about how to allocate payroll tax from residents of Washington), ODOT and the Department of Revenue allocate HB 2017/STIF formula funds based solely on the place where the tax is collected. When a Sweet Home resident, for example, rides the Linn Shuttle nearly 30 miles to LBCC and transfers to a Linn-Benton Loop bus (Linn County’s funding of the Linn-Benton Loop has for many years been more than twice the funding provided by Benton County) to her/his employment site in Corvallis, the HB 2017/STIF taxes paid by the Sweet Home resident are allocated to Benton County.

Linn County, in its Transportation Advisory Committee’s Bylaws, defines “low income individuals” as “individuals with an income at or below 200% of the current Federal Poverty Level, also known as the Federal Poverty Guideline, updated periodically in the Federal Register by the U.S. Department of Health and Human Services”; and defines “low-income households” as “a household with a total income which does not exceed 200% of the federal poverty guidelines”.

In the bylaws Linn County defines, for the purposes of the Statewide Transportation Improvement Fund “areas with high percentage of low-income households” as “areas where the percentage of low-income households exceeds the Oregon statewide average of low-income households”. Additionally, “areas with high percentage of low-income individuals”

are defined as “areas where the percentage of low-income individuals exceeds the Oregon statewide average of low-income individuals”.

### **Information from the Oregon Department of Employment and the American Community Survey**

The payroll information listed below reflects the most recent information available from the Oregon Department of Employment. The information about residents with low income reflects the most current information from the U. S. Census Bureau American Community Survey (200% below Federal Poverty Guideline).

The available U.S. Census Bureau data regarding income is admittedly limited regarding small cities and rural areas. The Census Bureau no longer asks/collects income information in its decennial census. It now relies on its American Community Survey (ACS) which some U.S. Census Bureau staff admit is not particularly accurate/reliable for small cities and rural areas. The ACS is based on a small sample survey completed every 3-5 years in small cities and rural areas and is therefore not particularly accurate/reliable in providing information for the small cities and rural areas of Linn County. For large urban areas the ACS considers the data to have a 1% margin of error rate for individuals and a 4% margin for families. In cities the size of Lebanon and Sweet Home the margin of error rate is about 6% for individuals and about 10% for families. In cities with a population of less than 5,000 the margin of error rate is reported as about 10% for individuals and about 50% for families.

Area	Population	Jobs	Payroll/Wages	Low Income Households
AAMPO Area	39%	57%	57%	35%
Lebanon	13%	15%	14%	50%
Sweet Home	8%	5%	4%	46%
Harrisburg	2%	2%	2%	38%
Small Cities Combined*	3%	2%	2%	38%
Unincorporated Area/Smallest Cities	35%	19%	21%	39%

\* Data for each city is on file

The population reported by the Oregon Department of Employment is 124,010. The population reported by ACS is 118,638.

The total payroll/wages for 2017-2018 is reported by the Oregon Department of Employment as \$1,874,105,434.

The number of Linn County households with income less than 200% of the Federal Poverty Guideline is reported by the 2017 ACS Five Year Average as 38% and the statewide average is 34%. ACS reports all cities in Linn County to have a higher percentage of low income households than the statewide average with the exception of Scio which is reported as 26%. It is important, however, to note that with a population of 734 the ACS margin of error for Scio is 50%.

Linn County defines “community”, for the purposes of STIF, to be “Linn County”. “Geographic area of responsibility” is also defined as “Linn County”. *Linn County Transportation Advisory Committee action of January 31, 2019.*

### **Preliminary Considerations:**

**First**, in accordance with Oregon Administrative Rules (732-042-0010 (3) (d,e f, g) Linn County will consider, as a starting point, a sub-allocation proportionate to the amount of payroll tax revenue generated within the geographic territory of each Public Transportation Service Provider. This shall be a starting point and is not an entitlement.

**Second**, in addition to considering wages, it is appropriate to also consider population in order to address the jobs-housing balance issue listed in the above “background” information. It is also important to consider the low income individuals/households in cities/communities and how well Public Transportation Service Providers will address their transportation needs.

**Third**, the TAC has generally discussed most of the 2018-2021 STIF Formula Funds should be allocated to areas currently served by public transportation; with perhaps a small expansion of the service to Brownsville and Tangent and unincorporated areas near Lebanon and Sweet Home.

While the TAC and public transportation service providers are interested in expanding public transportation to areas throughout Linn County, the realistic first step is to significantly increase transit to communities that have a long history of transit usage/support. More frequent service, for example, will hopefully encourage existing riders to use transit more often, as well as encourage new riders. Improved linkage to other existing transit programs is important, as well as utilizing existing/improved transit infrastructure including transit centers, bus shelters and ADA curb cuts at bus stops.

STIF funding is essentially limited to Public Transportation Service Providers. A city that is not currently served by a qualified Public Transportation Service Providers can (1) discuss expansion of service options with existing providers and (2) discuss with Linn County/propose planning efforts for future public transportation services. All cities have been informed about the STIF program. Realistically, there is a current limit of public transportation infrastructure, including vehicles and staff, to develop service/deliver transit to areas that have never before had transit service.

The general realistic concept discussed at TAC meetings is to look toward 2021-2023 for additional expansion of geographic areas served by public transportation with 2017/STIF funds. During the next two years we will: (1) review the results of the first biennium of HB 2017/STIF funding; (2) review the actual amount of HB 2017/STIF funds collected; (3) determine the interest by other communities in specific forms of public transit; and (4) determine whether sufficient transit infrastructure can be developed to deliver service to new areas. This concept, however, does not impact a local city's ability to pursue the options listed above.

As listed above, the total population of the small city areas is about 3% and the payroll/wages for these small cities is about 2%. For the total population of unincorporated areas is about 35% and the payroll/wages for these small cities is about 20%.

It is important to note that Salem-Keiser Transit currently provides limited service to Lyons and Mill City (and the service may increase somewhat in 2019-2021) and Lebanon may be able to provide limited service to Brownsville in 2019-2021. We have made efforts, over the years, to engage Harrisburg in a discussion about transportation options. At this point Harrisburg has not indicated specific interest in public transportation. If the city shows interest a limited volunteer-based demand response service may be available on a pilot project basis, through Volunteer Caregivers.

In reference to unincorporated areas, Sweet Home Dial-A-Bus serves a large part of unincorporated in eastern Linn County and some increase in that service is expected in 2019-2021. Lebanon may be able to provide some limited service to the unincorporated area near Lebanon. Albany Call-A-Ride provides a small amount of ADA service to incorporated areas.

Indeed, Oregon Administrative Rules simply indicate "the sub-allocation method must be proportionate to the amount of employee payroll tax revenue generated within the geographic territory of each public transportation service provider". OARs appear to be silent about payroll tax revenue generated from an area where there is no public transportation service provider (or applicant).

**Fourth**, another basic consideration is how we should analyze Albany, Millersburg and Tangent. Since Albany, Tangent and Millersburg (together with unincorporated Linn County area and Jefferson) receive about \$950,000 a year in federal Section 5307 funds allocated by the Albany Area Metropolitan Planning Organization, it seems logical that the payroll tax revenue generated in the three communities should be combined for the sub-allocation assessment. Although AAMPO/City of Albany currently essentially allocates all Section 5307 funds (and the Albany Urbanized Area also receives Section 5310 funds) to transit within the city limits of Albany, this is a policy decision for the AAMPO Board to consider/provide guidance. The City of Albany is the logical provider of service and if the TAC/Board of Commissioners allocate HB 2017/STIF funds to Albany, the city (working with AAMPO regarding Section 5307/5310 funds) can determine whether service should be extended in some manner to Millersburg and Tangent.

**Fifth**, an assessment of the interest that local communities have in expanding transit service as well as the capability/capacity of Public Transportation Service Providers to deliver high priority and cost-effective service in a reasonable time frame. Albany, Lebanon and Sweet Home have a long history of providing public transportation service and financially supporting it. Albany, for example, currently annually contributes \$630,000 in general fund money to public transportation; far more on a per capita basis than Lebanon or Sweet Home.

## **Linn County TAC January 31, 2019 Recommendations Regarding the Linn County Sub-Allocation Method.**

**Approved by the Linn County Board of Commissioners on February 12, 2019.**

As a foundational element it very important to note that the Linn County Board of Commissioners, with assistance from the Linn County Transportation Advisory Committee and in partnership with local public transportation providers and non-profit agencies, has a very long history of allocating state and federal public transportation funds in an objective and equitable manner to serve the residents of Linn County in an efficient, cost effective and “good value to taxpayers” manner.

These allocations have been based on multiple elements. In a similar manner, the STIF Formula Fund allocations will be based on multiple elements including the seven factors identified by the Legislative Assembly in HB 2017, visions outlined in the Oregon Public Transportation Plan and the priorities of Linn County Coordinated Human Services-Public Transportation Plan and local and regional transportation plans; and not simply based on the location that the employee tax is collected. Many of the taxes are, indeed, paid by individuals who live in a different city/community than where they work.

The following sub-allocation factors shall be a starting point for the Transportation Advisory Committee’s allocation recommendations to the Board of Commissioners and the final allocation decisions of the Board of Commissioners:

1. In accordance with Oregon Administrative Rules Linn County will consider, as a starting point for funding prioritization, the amount of employee payroll tax revenue generated within the geographic territory of each public transportation service provider. This shall be a starting point and is not an entitlement.
2. In addition to considering the location where the payroll tax is collected, population will also be considered in order to address the jobs-housing balance issue. It is also important to consider the low income individuals/households in cities/communities and how well Public Transportation Service Providers will address their transportation needs.
3. The Albany Area Metropolitan Planning Organization area within Linn County (Albany, Millersburg, Tangent and unincorporated Linn County area) will be treated as one area for the allocation of funds (since the AAMPO area receives about \$950,000 a year in federal Section 5307 funds in addition to \$100,000 a year of federal Section 5310 funds) and these funds will be leveraged by STIF funds.
4. Linn County will carefully consider, in addition to service to low income individuals/households, all priorities listed in HB 2017/STIF including more frequent service and reliable service; improved service connections; addressing gaps in service; addressing (where practicable) some transit service to high school students; and the acquisition of low/no emission vehicles.

5. The allocation review will include an assessment of the interest that local communities have in expanding transit service; as well as the capability/capacity of Public Transportation Service Providers to deliver high priority and cost-effective service in a reasonable time frame.

6. The allocation review will carefully consider the strength of the entire application from each transit provider. This will include, but not be limited to, the manner in which application addresses: (a) priorities of the Legislative Assembly and the criteria listed in Oregon Administrative Rules including service to low income individuals/households; (b) the visions outlined in the Oregon Public Transportation Plan (c) transit opportunities and priorities outlined in local/regional transit plans; (d) partnerships, linkages and coordination of service with other transit providers; (e) an assessment of the interest that local communities have in expanding transit service; (f) the capacity/capability of the transit provider to initiate service in a cost-effective/"good value to taxpayers" and timely manner; and (g) the ability of the transit provider to address all accountability and reporting methods required by ODOT and Linn County. The review shall also carefully consider geographic equity.

7. With capacity limitations of transportation service providers, areas currently served by public transportation are a high priority for the 2018-2021 Formula Fund allocations with a small expansion of current transportation service providers to adjacent service areas. Expansion into other areas, as capacity is built/available, in 2021-2023 is a high priority.