



2024-2027 Metropolitan Transportation Improvement Program (MTIP) Financial Forecast

State and Federal Unallocated Funds

June 2021

TABLE OF CONTENTS

Introduction	1
Table 1. Forecast of Federal and State Generated Transportation Revenues, Portland Metro Area Transportation.....	2
Metro Regional Flexible Funds (RFF) Revenue Forecast	3
Step 1: Developing the Statewide Metropolitan Area/Transportation Management Areas (TMA) Revenues Forecast (September 2020 – April 2021).....	3
Step 2: Forecasting the Revenue Allocation Authority to Metro and the Regional Flexible Funds (September 2020 – May 2021)	5
Table 2. 2025-2027 Regional Flexible Funds – Moderate Growth Forecast.....	8
Step 3: Defining the Regional Flexible Fund Program Direction and Distributing Revenues to Programs (February 2021 – July 2021).....	9
Step 4: On-Going Management of Forecast Amount and Programming of Project Costs (July 2021 – September 2026).....	10
Oregon Department of Transportation (ODOT) Revenue Forecast	12
Step 1: Statewide Total Revenues Forecast (August – September 2020).....	12
Table 3. Federal Revenue Funding Programs Description.....	13
Table 4. State Revenue Funding Programs Descriptions.....	16
Table 5. ODOT Revenue Forecast – Unallocated STIP Revenue, Federal Fiscal Years 2025-2027.....	17
Step 2: Distribution of Revenues to Categorical Policy Areas (October 2020 – January 2021).....	18
Table 6. Allocation to ODOT Funding Categories (Statewide) Combined for FFY 2025-2027.....	20
Step 3: Distribution of Revenue to Funding Allocation Programs (January – March 2021).....	21
Table 7. Description of ODOT Funding Programs.....	21
Table 8. Revenue Allocation Amounts to ODOT Funding Programs (Statewide), Combined for FFY 2025-2027.....	25
Step 4: Estimates of Funding Allocation Program Revenues to ODOT Region 1 and the Portland Metro MPO Area (January – June 2021).....	27
Table 9 - ODOT Funding Program Amounts, Federal Fiscal Years 2025-2027.....	28
Transit Agency Revenue Forecast	32
South Metro Area Regional Transit (SMART) Revenue Forecast	32
Step 1: SMART Revenue Forecasting (Fall-Spring-Annually).....	32
Table 10. Smart Revenue Forecast, Federal Fiscal Years 2024-2027.....	34
Table 11. Federal Grants to SMART Forecast, Federal Fiscal Years 2024-2027 (From the SMART Programming of Projects).....	35

Step 2: SMART – Distribution of Revenues to Major Budget Categories (Winter-Spring-Annually).....	36
Step 3: Adoption of Annual Budget (Spring – early Summer- Annually).....	37
TriMet-Revenue Forecast	38
Step 1: Developing the Revenue Forecast (Fall-Spring-Annually).....	38
Table 12. Summary of TriMet Forecasted Revenues, Fiscal Years 2024-2027.....	41
Table 13. Federal Grants to TriMet, Federal Fiscal Years 2024-2027 (Part of Operating Grants element of Table 12, in millions).....	41
Step 2: TriMet-Distribution of Revenues to Major Budget Categories (Winter-Spring-Annually).....	42
Step 3: Adoption of Annual Budget (Spring-Summer-Annually).....	43

INTRODUCTION

This report documents the cooperative development of the revenue forecast for the 2024-2027 Metropolitan Transportation Improvement Program (MTIP). It includes a description of the forecast methods and the process by which forecasted revenues were distributed to funding allocation programs administered by the four agencies within the greater Portland metropolitan area, Oregon Department of Transportation (ODOT), Metro, TriMet and the South Metro Area Region Transportation (SMART), that select transportation projects and programs to receive those funds.

The revenue forecast is only for transportation funding that will be programmed in the MTIP, which includes all federal transportation funds and state and local agency funds that will be used on “regionally significant” projects. Generally, regionally significant projects are those that are located on the regional transportation system as defined in the Metro area Regional Transportation Plan. Therefore, state and local agency funds that will be used to build projects and maintain the local street system are not included in the forecast.

In developing the revenue forecast for the 2024-2027 MTIP, each agency which carries a responsibility to administer federal transportation funding, summarizes the methodology for determining the estimated amount of revenue available for transportation projects and programs in federal fiscal years 2024 through 2027 and the process for determining how to allocate the funds. The revenue process does not discuss the allocation of the revenues to transportation projects and programs. Separate documentation is provided about the allocation process, project prioritization criteria, and allocation results.

Recognizing Metro and ODOT use three-year cycles for allocating transportation revenues to projects and programs, the revenue forecast for Metro and ODOT focuses on new revenues available for federal fiscal years 2025, 2026, and 2027. Metro also provides an estimate of unallocated carryover revenues anticipated for fiscal year 2024. These unallocated revenues represents a more refined estimate of the anticipated federal revenues available, but had not previously been allocated to transportation projects and programs in the 2021-2024 MTIP. The transit agencies, SMART and TriMet, include estimates for each federal fiscal year (2024-2027) as both agencies conduct their programming of projects annually through their budget process.

In developing the revenue forecast for the 2024-2027 MTIP, Metro led the coordination efforts by working with partners ODOT, SMART, and TriMet. Metro provided a template outlining a series of steps in describing the development of the revenue estimates. The template was developed in a manner which would be flexible to each agency and respecting the agency’s revenue forecasting processes, while also making the progression towards identifying the estimated revenues in the Portland metropolitan region. Key aspects each partner was expected to address as part of the revenue forecast included baseline starting points for revenue estimates, assumptions related to the availability of revenues, and revenue growth rates. Metro coordinated meetings with partner agency staff to review report drafts and forecast methods in preparation to produce this snapshot forecast of anticipated revenues to be invested in the region’s transportation system in federal fiscal years 2024 through 2027.

Table 1**Forecast of Federal and State Generated Transportation Revenues, Portland Metro Area
Transportation****Federal Fiscal Years (FFY) 2024 through 2027 (in millions)**

	FFY 2024	FFY 2025	FFY 2026	FFY 2027	FYs 2024-27 Total
ODOT Directed ¹	N/A ^{4,7}	\$98.07	\$98.07	\$98.07	\$294.2
ODOT to Cities/Counties ²	N/A ^{4,7}	\$9.42	\$9.42	\$9.42	\$28.28
State Trust Fund to Cities/Counties ⁵	\$240.36	\$249.66	\$248.83	\$248.00	\$986.85
Metro MPO ^{1,3}	(\$6.27) ^{4,8}	\$48.5	\$49.5	\$50.6	\$142.4 ⁶
SMART	\$2.59	\$2.65	\$2.72	\$2.78	\$10.74
TriMet	\$104.8	\$113.2	\$114.5	\$119.9	\$452.4
Total	\$341.48	\$521.5	\$523.04	\$528.77	\$1,914.87

¹ Does not included federally dedicated planning funds or funds dedicated to ODOT Administrative costs.

² Directed funding program pass through to local agencies; does not include pass through to MPOs or State Trust Fund pass through to local agencies.

³ Utilizes MPO forecast method that anticipates growth in available funding rather than ODOT forecast method of 10% reduction of current fund levels.

⁴ Metro and ODOT forecasted revenues for FFY 2024 have already been allocated. SMART and TriMet forecasted revenues will be allocated on an annual basis through their budget processes.

⁵ Funds not typically reflected in the Metropolitan Transportation Improvement Program, unless funds are being used for capital projects deemed as regionally significant.

⁶ Total reflects combined revenue for federal fiscal years 2025 through 2027 and overallocated carryover estimated for 2024. See Table 2 for further detail.

⁷ Estimates for carryover revenues for FFY 2024 for ODOT funding programs are unavailable for the revenue forecast. Carryover estimates will be made available and used as part of revenue estimates for fiscally constraining the MTIP and the STIP.

⁸ () indicates negative. Overallocated funds for FFY 2024.

METRO REGIONAL FLEXIBLE FUNDS (RFF) REVENUE FORECAST

Metro's Regional Flexible Fund Allocation (RFFA) is a process that consolidates the distribution of three federal funding program sources to transportation projects and programs in the Metro region. The revenue forecast for the Regional Flexible Funds is coordinated with the Oregon Department of Transportation and Oregon's other Metropolitan Planning Organizations (MPOs).

Step 1: Developing the Statewide Metropolitan Area/Transportation Management Areas (TMA) Revenues Forecast (September 2020 – April 2021)

Federal Transportation Funding

The federal government provides revenues from federal fuels taxes and heavy truck taxes to states and local governments. Most federal funding is distributed to states, metropolitan planning organizations, and local governments by funding formulas, with the remainder allocated in competitive application-based programs.

Oregon receives about half a billion dollars in funding from the Federal Highway Administration each year. All federal highway funds flow through ODOT from individual federal funding programs that each have their own rules regarding what types of projects are eligible for those funds and what match rates are required.

About 30 percent of those funds are distributed to local governments either directly by formula (e.g. urban-STBG program funds) or by ODOT (e.g. the sub-allocation of CMAQ funds to MPOs that have had federal air quality compliance issues and implementation plans to address them).

Developing Statewide Forecasts

The statewide forecast of federal funds available for transportation projects and programs during the time period of the 2024-2027 State and Metropolitan Transportation Improvement Programs (TIPs) is coordinated by the Statewide Investment Management Section of the ODOT. The forecast is shared with MPOs and Transit agencies in the state through the statewide TIP committee.

Metro staff works with ODOT staff and other Oregon MPOs in the transportation improvement program (TIP) coordination committee to coordinate forecast methodology options for the federal funding programs provided to the Oregon TMA MPOs: Surface Transportation Block Grant (STBG) – including the Transportation Alternatives (TA) Program set-aside, and the Congestion Mitigation – Air Quality (CMAQ) funding program). The TMA MPOs in Oregon are apportioned allocation authority over the following federal transportation funding programs:

- **Surface Transportation Block Grant (Urban):** The Surface Transportation Block Grant (STBG) Program provides flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.

- **Congestion Mitigation and Air Quality (CMAQ):** The Congestion Mitigation and Air Quality program provides a funding source to State and local governments for certain eligible transportation projects and programs to help meet the requirements of the Clean Air Act and local State Implementation Plans (SIPs). Funding is available to areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (referred to as nonattainment areas) and for former nonattainment areas. The goals of the program are to mitigate for congestion and improve air quality by reducing transportation emissions. The scope of a transportation project or program must fit within one or more of the identified project types which are recognized eligible by federal requirements of the program as well as any additional state requirements. The Oregon Transportation Commission has adopted additional state priorities and program guidance for use of CMAQ funds in Oregon.
- **Transportation Alternatives (set-aside from Surface Transportation Block Grant):** The FAST Act eliminated the MAP-21 Transportation Alternatives Program (TAP) and replaced it with a set-aside of Surface Transportation Block Grant (STBG) program funding for transportation alternatives (TA). These set-aside funds are flexible to include all projects and activities that were previously eligible under the old TAP funding program. This encompasses a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to storm water and habitat connectivity.

The TIP coordinators committee was provided historical data of revenues for each MPO for use in developing the revenue forecast for their MPO. The TIP coordinators committee and ODOT staff did not require MPOs to apply a specific revenue forecasting methodology, leaving the discretion that seemed most appropriate to each MPO. Each MPO decides the way in which to forecast funding for the purpose of allocating forecasted funding to projects. However, for TIP programming, the MPOs are limited in how much funding they can program to project costs in each fiscal year by the amount of committed or reasonably expected revenue to projects within each MPO. Methods for determining committed and reasonably expected revenue for financially constraining the TIP will continue to be coordinated with the statewide committee.¹

¹ While the TIP coordinators committee and ODOT do not specify a particular forecast of revenues for the purpose of allocating funding to projects, the TIP coordinators committee and ODOT will continue to meet throughout the development of the 2024-2027 MTIPs and STIP to coordinate the revenue forecast which will be used to financially constrain the MTIPs and STIP. The initial financial constraint forecast for the 2024-27 TIP financial constraint purposes is expected to take place in autumn/winter 2022-2023 with updated financial information. Revenue information used to financially constrain the TIP to committed and reasonably available funding is continually updated through the life of the TIP to reflect most up to date revenue data. When the TIP is adopted or amended, financial constraint utilizing the most current revenue and project cost data is utilized.

Step 2: Forecasting the Revenue Allocation Authority to Metro and the Regional Flexible Funds (September 2020 – May 2021)

While the work of the TIP committee significantly influences the revenue forecast of MPOs throughout Oregon, the Portland metropolitan region also considers and emphasizes several other factors in developing an appropriate method for forecasting available funding for the allocation of Regional Flexible Funds. These factors include: 1) consideration of federal processes which determine the amount of federal transportation funds distributed to states and MPOs for transportation projects; 2) project readiness and delivery considerations and the federal aid process; 3) management of obligating federal funds in a timely manner; and 4) administration considerations of the RFFA allocation process.

The first factor is the federal process that makes funds available for projects and highly influences the revenue forecast. Every five to six years, federal authorization legislation is passed that sets the budget authority for federal transportation funding, including RFFA funds. After authorization, each year funds are apportioned based on actual transportation revenues generated, up to the amounts previously authorized. In recent history, apportionment of funds typically generates about 92-95% of authorized amounts. The percent of apportionment to authorization is known as the limitation rate.

Surface Transportation Block Grant (STBG) funds are allocated to Transportation Management Area (TMA) metropolitan planning organizations (MPOs) based on formulas outlined by federal statutes. Metro receives approximately 75% of STBG funding made available to large MPOs in Oregon. In addition to federal formula allocation of STBG, Oregon also receives a state allocation of Congestion Mitigation and Air Quality (CMAQ) funds based on the U.S. Environmental Protection Agency (EPA) air quality designations. Oregon employs a statewide formula allocation for CMAQ funding to the eligible areas. The CMAQ statewide formula allocation was last updated in 2017 and the allocation applies to CMAQ funds through 2024. While the update to the statewide CMAQ funding is expected to take place during the development of the 2024-2027 MTIP, the revenue forecast utilizes a continuation of the current statewide CMAQ sub-allocation formula. Metro as the largest eligible MPO to receive CMAQ funds, receives approximately 73% of the CMAQ funds available to Oregon MPO areas.

The second factor is the potential readiness for the use of forecasted funds and the needs of the local project delivery process of federal transportation funds. Upon award of funds, a local agency coordinates with ODOT and Metro to define a detailed scope of work, budget and schedule that address state and federal requirements (e.g. National Environmental Protection Act (NEPA) process requirements, design requirements) and execute an intergovernmental agreement to document how the project will meet requirements and provide required match funding. The process of executing the agreement typically takes a year or longer. Implementing the agreement through the project phases of planning, preliminary engineering, right of way acquisition, and construction can take up to an additional 4 to 5 years. Recognizing the federal aid process and potential readiness of a transportation project awarded funding can impact the amount of forecasted revenues available year-by-year, the history of readiness of previous projects and complexity of

federal aid processes influences whether to take a conservative or aggressive approach to the revenue forecast for allocation purposes.

The third factor is the ODOT and MPO partnership on fund management of federal transportation funds. Each state must contractually obligate all federal transportation funding apportioned to it each federal fiscal year or the unobligated funds will be redistributed to states that have obligated all their funds. As ODOT has a better capability to obligate federal transportation funds quickly on projects or programs, the agency takes on the responsibility to ensure all federal transportation funding authority is obligated, including unobligated MPO funding authority. When ODOT obligates MPO unobligated funding authority, ODOT then provides equivalent funding authority in a future year. This provides flexibility to MPOs and keeps ODOT eligible for redistribution funds from other state's unobligated funding authority. ODOT and the large MPOs have recently entered an agreement for MPOs to meet obligation rates in exchange for the ability to share in a portion of the redistribution funds ODOT receives annually. The management and obligation of federal transportation funds allocated by MPOs opens a new opportunity for potential increased revenue available to include as part of the forecast.

The fourth and last additional factor is the administrative consideration and impact of the 3-year allocation cycle. Through the RFFA process, Metro undertakes a significant administrative effort to run a deliberative and transparent funding allocation process based on the policy objectives and strategy for implementing the region's long-range transportation plan. This process is designed as a thoughtful effort of weighing tradeoffs and advancing progress towards the region's goals for the transportation system. As a result, the RFFA process is not nimble and does not adapt well to allocate additional revenues. Therefore, the forecast of revenues for the Portland region must factor in consideration of the allocation process which cannot quickly allocate unanticipated revenues.

In summary, forecasting and estimating the revenue for the Regional Flexible Funds allocation process has additional unique objectives from other funding allocation programs in the 2024-2027 MTIP and their forecasts of available funds.

With these factors in mind, the goals of estimating the revenue allocation authority are created to achieve the following objectives:

- Select enough projects that prepares an adequate pipeline to be ready to obligate funding as it becomes available each year to achieve the following:
 - deliver project benefits to the region as soon as possible
 - minimize loss of purchasing power to inflation
 - help ODOT (and subsequently the region) be eligible for federal redistribution funds
 - prevent having to undertake any supplemental allocation processes to distribute available funding that is in excess of earlier forecasts

- Provide a steady flow of funding to projects and programs to avoid shocks to the delivery systems.
- Balance forecasting enough revenues to develop projects in the delivery pipeline to maximize obligation of all funds as they become available without creating an over expectation of projects that can be delivered or excessive conflicts between projects for access to funds as they become available.

Revenue Forecast Methods and Assumptions

In prior RFFA cycles, forecast amounts would be based on funding authorization levels, with an assumed limitation rate based on historic performance. If the allocation cycle extended beyond the authorization period, a growth factor, based on historic performance and factoring in the limitation rate from the last year of authorization, was applied to the final authorization year and extended out to the final year of the RFFA cycle

In this RFFA cycle, the region is five (5) years removed from the current federal transportation authorization bill which expires in September 2021. However, historically each federal transportation reauthorization has resulted in an increase in federal transportation revenues, though varied in the level of increase. Current discussions of the federal transportation reauthorization suggest the historical trend likely to continue with legislation to replace the current authorization bill, commonly known as Fixing America's Surface Transportation (FAST) Act.

Additionally, the region is now eligible to receive federal redistribution funds if they become available and the region meets its obligation targets. This means the range of actual revenues and funding availability are increased and the region needs to utilize additional fund forecast and administrative tools to manage this situation to best achieve the forecast and allocation objectives as described above.

With the forecasting factors and goals described above, and based on the historical performance of federal transportation revenues provided to the Metro MPO, the proposed revenue forecast for the 2025-2027 Regional Flexible Fund is outlined below.

Table 2. 2025-2027 Regional Flexible Funds – Moderate Growth Forecast²

	2024 ³	2025	2026	2027	Total
U-STBG	(\$6,266,757) ⁴	\$31,294,866	\$31,983,353	\$32,686,987	\$95,965,206
TAP		\$1,544,504	\$1,578,483	\$1,613,209	\$4,736,196
CMAQ		\$14,648,092	\$14,970,350	\$15,299,698	\$44,918,140
Redistribution		\$1,000,000	\$1,000,000	\$1,000,000	\$3,000,000
Total		\$48,487,462	\$49,532,186	\$50,599,894	\$142,352,785 ⁵

To Moderate Growth forecast reflects the amount of funds that would come to region through the federal formula funding programs based on the Senate Environment and Public Works (EPW) Committee Authorization bill amounts and a moderate a share of federal redistribution funds based on the region meeting its obligation targets as agreed to with ODOT. To forecast how the federal formula funds in the authorization bill would flow to the region by each year, the forecast provides an initial increase of 7% in the first year of authorization (FY 2022) and a 2.2% increase in each subsequent year to reflect typical growth of funds through the period of the authorization bill.

The reflected revenue forecast for the 2025-2027 RFFA will guide the deliberation and selection of transportation projects and programs to support the Portland region’s effort to implement the long-range transportation plan. However, the revenue forecast provided is for allocation purposes and is intended as a snapshot of estimated revenues as of Spring/early Summer 2021. Metro staff will continue to collaborate with ODOT and the other Oregon MPOs on the methods to determine the funding authority and develop refined revenue estimates that will be utilized in each of the federal fiscal years of 2024 through 2027 for the purpose of establishing fiscal constraint. The funding authority determined in this process will be used in the MTIP programming process to limit the amount of funds that can be utilized by projects in each fiscal year of the 2024-27 MTIP. The MTIP programming is scheduled to be adopted in the summer of 2023 and is subsequently amended on a regular basis to reflect project cost and schedule adjustments and updated revenue amounts.

² The authorization bump reflects the recent Senate Environment and Public Works (EPW) Committee Authorization. Understanding the discussions pertaining to the federal transportation reauthorization remains fluid, the forecast is an estimate based most current information as of May 2021 and the forecast estimate many change due to authorization assumptions. Forecast estimate will be updated as further information about the reauthorization is made available.

³ Indicates the estimated carryover and reconciled (i.e. annual actuals to forecasted) revenue of previously allocated Regional Flexible Funds.

⁴ () indicates negative revenues

⁵ Total reflects combined revenue for federal fiscal years 2025 through 2027 and unallocated carryover estimated for 2024.

Step 3: Defining the Regional Flexible Fund Program Direction and Distributing Revenues to Programs (February 2021 – July 2021)

The 2025-2027 RFFA began in February 2021 at the regular meeting of TPAC. At that meeting a 20-month timeline and process was outlined for the kick-off of the Regional Flexible Fund Allocation. The allocation is split into two processes: the first focuses on defining and refining the program direction for the funding allocation and the second focuses on the competitive capital grant process.

The 2018 Regional Transportation Plan (RTP) policy objectives continue to guide the investment priorities for the RFFA. Those objectives are equity, safety, climate and congestion. The RTP directs that further policy, planning and funding outcomes should advance the region toward its goals in these four areas.

JPACT and Metro Council in further program direction discussions reaffirmed the same two-step process used to award funding since the 2012-2013 RFFA cycle:

- Step 1 continues the region's commitment to repayment of bonds used to develop and construct high-capacity transit and active transportation projects. It also continues investments in region-wide programs to fund system and demand management activities and to invest in transit-oriented development projects near high-capacity transit lines. The region-wide programs are long-standing regional programs which have been established to meet various regional commitments, such as air quality and the Climate Smart Strategy.
- Step 2 focused funding on capital projects. Eligible applicants include agencies capable of entering an inter-governmental agreement with ODOT for funding and administering a federal aid transportation project; cities and counties, park districts, regional and state agencies.

Direction on the distribution of revenues to Step 1 programs and Step 2 project allocations will be provided as a part of the 2025-2027 RFFA Program Direction documentation scheduled for JPACT and Metro Council action in July 2021. Final project and program allocations is scheduled for adoption in autumn 2022 for incorporation into the 2024-27 MTIP and STIP.

Throughout the program direction and RFFA process, Metro staff will also work with the local lead agencies and ODOT Region 1 staff to determine which projects awarded funding have demonstrated that they are ready to obligate funding for their projects and then program the awarded funding as needed by project phase. Many project phases are likely to be temporarily programmed in the illustrative MTIP years of 2028 or 2029 until the project demonstrates it will be ready to obligate funds in an earlier year. Assuming funding capacity is available, the MTIP will be amended to move projects forward at that time with the objective of utilizing as much funding capacity as possible with projects that are prepared to obligate those funds.

Administrative Streamlining of Parks Bond Funding

Historically, millions of Regional Flexible Funds have supported the development and construction of multiple multi-use off-street trails projects in the region. In 2019, Metro put forward and voters affirmed their support to build more trails in the region with the passage of the 2019 Parks and Nature bond measure. The bond measure, paid for by a tax assessed on property, contains funding specific to support trails projects and continuing to create a well-connected network of trails throughout the region. The 2019 Parks and Nature bond is administered through Metro's Parks and Nature department.

Recognizing the previous Regional Flexible Fund history funding trail projects, overall increase in available funding for trails, and the administrative burden related to running a deliberative and transparent allocation process, Metro will pilot a streamlined administrative process to combine the allocation of the 2025-2027 Regional Flexible Funds (RFFA) and the trail-specific funding from the 2019 Parks and Nature (P&N) bond measure. The 2025-2027 RFFA Program Direction will acknowledge the pilot and describe the coordination of RFFA and an estimated \$20 million of additional funds for trails available from the P&N bond funds.⁶

Step 4: On-Going Management of Forecast Amount and Programming of Project Costs (July 2021 – September 2026)

Management of the revenue forecast of expected available Regional Flexible Funds is on-going as federal and state actions will impact the amount of revenues ultimately made available for reimbursement of project costs awarded funding. As these funds are made available each federal fiscal year, final decisions on how much funding is made available to a particular project phase is documented in the MTIP Programming tables. Programming is the balancing and assignment of available revenues for costs incurred by an eligible project.

How Metro staff recommend final programming of funds to project costs is directed by the awarded amount of funding to projects and programs by JPACT and Metro Council, the progress of the lead agency to complete steps to ensure a project is ready and eligible to receive the funds, and state and federal rules regarding TIP programming.

In modern program history, there has not been an occasion where projects that have been awarded funding by JPACT and Metro Council have been ready and requested more RFFA funding than has been available in a particular fiscal year. Should that occur in the future and Metro staff is unable to work out an acceptable solution with the lead agencies involved, Metro staff would provide a recommendation to JPACT and the Metro Council on resolution of such issue, if time allowed. A typical solution would be to delay one or more project phases eligibility to seek project cost reimbursement to the beginning of the subsequent fiscal year when additional funding becomes available. Programming of project costs and

⁶ Because the 2019 Park Bond funding for trail projects is an administrative pilot, the revenues were not formally included as part of the 2025-2027 RFFA revenue forecast options and it is not included in the overarching 2025-2027 MTIP revenue forecast.

funding in subsequent years would potentially need to be adjusted to accommodate this shift.

In actively managing revenue forecasts, the following items are monitored and as activity occurs, used to manage the programming of funds in each year of the RFFA process and to determine a forecasted carryover (or deficit) amount into the subsequent RFFA process.

OREGON DEPARTMENT OF TRANSPORTATION (ODOT) REVENUE FORECAST

The revenue forecast for state transportation funding is completed in four phases: Statewide total revenues forecast (August – September 2020), Distribution of revenues to Categorical Policy Areas (October 2020 – January 2021), Categorical Policy Area sub-allocation distribution of revenues (January – March 2021), Estimates of Funding Allocation Program revenues by ODOT Region and MPO Areas.

Step 1: Statewide Total Revenues Forecast (August – September 2020)

The statewide forecast of funds available for transportation projects and programs during the time period of the 2024-27 State and Metropolitan Transportation Improvement Programs (TIP) is led by the state Finance and Budget Divisions, Statewide Investments Section of the ODOT. The forecast is shared with MPOs and Transit agencies in the state through the statewide TIP committee.

The forecast of funding is dependent on a federal authorization bill being in place or not in place. With an active federal authorization bill, the forecast will include what is in the bill. When no federal authorization bill is in place, the state assumes a 10% reduction from current year levels to federal funding across all funding program types for all TIP years. Funding allocated to the MPOs (STBG and TAP) have their own forecast methodology described in the Metro MPO forecast section.

Federal Transportation Funding

The federal government provides revenues from federal fuels taxes and heavy truck taxes to states and local governments. Most federal funding is distributed to states and local governments by funding formulas, with the remainder allocated in competitive application-based programs. The current federal transportation authorization which dictates the distribution of federal funding to states is Fixing America's Surface Transportation (FAST) Act.

Oregon receives about half a billion dollars in funding from the Federal Highway Administration each year for construction projects on the state's roads, including the interstate, as well as planning and engineering. Some funds can also be used for transit and bicycle/pedestrian capital projects. All federal highway funds flow through ODOT from individual federal funding programs that each have their own rules regarding what types of projects are eligible for those funds and what match rates are required. About 30 percent of those funds are distributed to local governments either directly by formula (e.g. urban-STBG program funds) or awarded through competitive application processes (e.g. HSIP program funds through the state ARTS allocation process). Oregon also receives public transportation funding from the Federal Transit Administration. These FTA funds are primarily used to support public transportation operated/contracted by ODOT or passed through to public transportation operators in small urban and rural areas. FTA works directly with transit agencies in large urban areas to provide funding for operations and projects. Table 3 provides a short description of the various federal funding programs which contribute to the ODOT statewide revenue forecast.

Table 3. Federal Revenue Funding Programs Description

Common Federal Revenue Funding Programs	
Fund	Description
<p>Surface Transportation Program (STBG) Funds – State allocation (includes STBG-TAP set-aside for state)</p> <p>(Formula)</p>	<p>The FAST Act converts the long-standing Surface Transportation Program into the Surface Transportation Block Grant Program acknowledging that this program has the most flexible eligibilities among all Federal-aid highway programs and aligning the program’s name with how FHWA has historically administered it. [FAST Act § 1109(a)]. The STBG promotes flexibility in State and local transportation decisions and provides flexible funding to best address State and local transportation needs.</p>
<p>Highway Safety Improvement Program (HSIP)</p> <p>(Formula)</p>	<p>The FAST Act continues the Highway Safety Improvement Program (HSIP) to achieve a significant reduction in traffic fatalities and serious injuries on all public roads, including non-State-owned public roads and roads on tribal lands. The HSIP requires a data-driven, strategic approach to improving highway safety on all public roads that focuses on performance.</p>
<p>Rail-Highways Crossings (Sec. 130)</p> <p>(Formula)</p>	<p>The FAST Act continues the Railway-Highway Crossings program, which provides funds for safety improvements to reduce the number of fatalities, injuries, and crashes at public railway-highway grade crossings.</p>
<p>National Highway Freight Program</p> <p>(Formula)</p>	<p>The FAST Act establishes a new National Highway Freight Program to improve the efficient movement of freight on the National Highway Freight Network (NHFN) and support several freight related infrastructure improvement goals.</p>
<p>Congestion Mitigation Air Quality (CMAQ) Improvement Funds</p> <p>(Formula)</p>	<p>The FAST Act continues the CMAQ program to provide a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance.</p>
<p>National Highway Performance Program</p>	<p>The FAST Act continues National Highway Performance Program which provides support for the condition and performance of</p>

(Formula)	the National Highway System (NHS), for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in a State's asset management plan for the NHS.
Less Common Federal Revenue Funding Programs⁷	
Fund	Description
Emergency Relief	The FAST Act continues the Emergency Relief program, which provides funds for emergency repairs and permanent repairs on Federal-aid highways and roads, tribal transportation facilities, and roads on Federal lands that the Secretary finds have suffered serious damage as a result of natural disasters or catastrophic failure from an external cause.
Federal Lands Access Program	Provides funds for projects on Federal Lands Access Transportation Facilities that are located on or adjacent to, or that provide access to Federal lands. Funding program is a competitive grant program.
State Recreational Trails Program	The FAST Act eliminates the MAP-21 State Recreational Trails Program and replaces it with an optional set-aside of Surface Transportation Block Grant (STBG) program funding for Recreational Trails Program. Set aside amount is equal to the State portion of the Transportation Alternatives program. Program is at the discretion of the Governor to decide whether to continue State Recreational Trails Program.
Discretionary Federal Revenue Funding Programs	
Fund	Description
Federal Miscellaneous (Discretionary grants e.g. TIGER, RAISE, NHFP – Discretionary, FAST Lane, INFRA, ITS, etc.)	Competitive discretionary grant programs with specific criteria for application and project eligibility. Discretionary grant programs cycles are driven by federal annual budget and transportation reauthorization. Funds from these discretionary programs are not guaranteed.
Rural Area Specific Federal Revenue Funding Programs	

⁷ Not an exhaustive list of federal revenue programs.

Fund	Description
Clackamas County Surface Transportation Block Grant (STBG) Allocation	Rural Surface Transportation Block Grant allocated and administered by ODOT to Clackamas County.
Multnomah County Surface Transportation Block Grant (STBG) Allocation	Rural Surface Transportation Block Grant allocated and administered by ODOT to Multnomah County.
Washington County Surface Transportation Block Grant (STBG) Allocation	Rural Surface Transportation Block Grant allocated and administered by ODOT to Washington County.
Planning Specific Federal Revenue Funding Programs	
Fund	Description
Metropolitan Planning (PL) Formula	The FAST Act continues the Metropolitan Planning program. The Program establishes a cooperative, continuous, and comprehensive framework for transportation planning and making transportation investment decisions in metropolitan areas. Program oversight is a joint Federal Highway Administration/Federal Transit Administration responsibility.
Statewide and Non Metropolitan Planning (SPR) (FHWA/FTA) Formula	The FAST Act continues the statewide and nonmetropolitan planning process, which establishes a cooperative, continuous, and comprehensive framework for making transportation investment decisions throughout the State. Oversight of this process is a joint responsibility of the Federal Highway Administration and the Federal Transit Administration.
MPO Specific Federal Revenue Programs (Sub-Allocations from Formula Funds above)	
Fund	Description
Surface Transportation Program (STBG) Funds – Urban	The Surface Transportation Block Grant (STBG) Program provides flexible funding that may be used by metropolitan planning organizations, and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road,

	pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.
Transportation Alternatives - Urban	The FAST Act eliminates the MAP-21 Transportation Alternatives Program (TAP) and replaces it with a set-aside of Surface Transportation Block Grant (STBG) program funding for transportation alternatives (TA). These set-aside funds include all projects and activities that were previously eligible under TAP, encompassing a variety of smaller-scale transportation projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to storm water and habitat connectivity.

In addition to federal revenue funding programs, Oregon raises revenues for transportation infrastructure, maintenance, operations, and other related activities. Managed and administered by ODOT, the state revenues are generated from a variety of sources, including taxes on the sale of gasoline, vehicle registration fees, and weight-mile fees on trucks. Table 4 provides a short description of the state revenue funding programs.

Table 4. State Revenue Funding Programs Descriptions

State Revenue Funding Programs	
Fund	Description
State Highway Trust Fund	<p>Oregon’s State Highway Trust Fund collects resources from three main sources:</p> <ul style="list-style-type: none"> • Taxes on motor fuels, including gas tax and diesel tax. • Taxes on heavy trucks, including the weight mile tax and truck registrations. • Driver and vehicle fees, including licenses and vehicle title and registration. <p>Under the Oregon Constitution, State Highway Fund fees and taxes must be spent on roads, including bikeways and walkways within the highway right of way. State funds can be used for both construction projects and the day-to-day maintenance and operations of the state’s roads. Formulas set in state statute distribute about 40 percent of State</p>

	Highway Fund revenues (after deducting the costs of collecting the revenue) to cities and counties.
House Bill (HB) 2017	<p>House Bill 2017 Transportation Funding Package passed by the 2017 Oregon Legislature created a number of new revenue sources for transportation.</p> <ul style="list-style-type: none"> • A 0.5 percent vehicle dealer privilege tax on new car sales to fund rebates for electric vehicles and provide ongoing funding for the multimodal Connect Oregon program. • A 0.1 percent employee payroll tax (\$1 for \$1,000 in payroll) to improve public transportation service in both rural and urban communities. • A \$15 tax on the sale of new bicycles with tires over 26 inches and cost at least \$200 will go to Connect Oregon for off-road bicycle and pedestrian paths that serve commuters.
Other State Funds	<p>ODOT also receives revenue from several other state sources, including:</p> <ul style="list-style-type: none"> • Lottery funds, including lottery bond proceeds directed to the Connect Oregon program. • Cigarette tax revenues dedicated to transit services for seniors and disabled people. • Custom license plate fees, dedicated to operating passenger rail. • General fund resources for senior and disabled transit and passenger rail service. • A variety of transportation-related permits and fees.

The combined estimated federal and state revenues available statewide for transportation is approximately \$2.2 billion dollars for federal fiscal years 2025 through 2027. A summary of estimated revenues by year is provided in Table 5.

Table 5. ODOT Revenue Forecast - Unallocated STIP Revenue, Federal Fiscal Years 2025- 2027 (All revenues are in millions)

Program Type	2025	2026	2027	Total
<u>Federal</u>				
National Highway Performance Program (NHPP)	\$274.6	\$274.6	\$274.6	\$823.8
Surface Transportation Block Grant (STBG)	\$137.3	\$137.3	\$137.3	\$411.9
Highway Safety Improvement Program (HSIP)	\$27.2	\$27.2	\$27.2	\$81.6
Rail	\$2.9	\$2.9	\$2.9	\$8.7

Congestion Mitigation Air Quality	\$18.1	\$18.1	\$18.1	\$54.3
Planning (PL)	\$3.4	\$3.4	\$3.4	\$10.2
National Highway Freight Program (NHFP)	\$16.5	\$16.5	\$16.5	\$49.5
FHWA Apportionment	\$480.0	\$480.0	\$480.0	\$1,440.0
<u>House Bill (HB) 2017</u>				
HB Safety	\$10.0	\$10.0	\$10.0	\$30.0
HB Bridge/Seismic	\$123.3	\$124.4	\$125.2	\$372.9
HB Preservation/Culvert	\$42.2	\$42.6	\$42.9	\$127.7
HB 2017 Apportionment	\$175.5	\$177.0	\$178.1	\$530.6
<u>Other Sources</u>				
State Funds ⁸	\$12.0	\$12.0	\$12.0	\$36.0
Other Federal ⁹	\$15.0	\$15.0	\$15.0	\$45.0
Other Apportionment	\$27.0	\$27.0	\$27.0	\$81.0

If less or additional revenues become available than had been forecasted, ODOT manages actual revenues through the STIP amendment process. Federal revenue authority is made available through and subject to the federal authorization, apportionment/appropriation, obligation authority and rescission processes, so actual amounts will vary year to year. State generated revenue is generated by the conditions associated with the collection of those revenues and also subject to year-to-year fluctuations.

Step 2: Distribution of Revenues to Categorical Policy Areas (October 2020 – January 2021)

In July 2020, ODOT staff kicked off the development of the 2024-2027 STIP at the July Oregon Transportation Commission (OTC) meeting. As part of kicking off the discussion, the Commission made two early decisions to shape the revenue forecast of the ODOT administered funds, as well as shape the categories in which forecasted revenues will get allocated to.

⁸ A significant portion of the state highway fund is used for ODOT's agency operations and as a result are not included as part of the revenue forecast of transportation funds estimated available for transportation projects and programs.

⁹ Miscellaneous federal transportation funding from less common federal programs. See Table X for a description of some less common federal programs which have previously provided transportation funding in Oregon.

The first decision by the Commission was to assume a 10% reduction in federal funding for federal fiscal years 2024 through 2027. This decision emerged from the absence of a federal authorization bill addressing federal fiscal years 2024 through 2027 and the highly uncertainty of federal revenues in four to seven years from today. By making this revenue assumption early in the development of the 2024-2027 STIP is to ensure ODOT does not over-commit resources, which could result in the cancelation of projects. However, feedback and public comment submitted to the Commission requested ODOT and the OTC reconsider this assumption spurred a deliberate discussion by the Commission. After some deliberation by the Oregon Transportation Commission members, the Commission moved forward with a revenue assumption to assume a 10% reduction in federal funding.

The second decision made by the Commission was to carry forward the same funding categories utilized in the 2021-2024 STIP. These are:

- **Fix-it** - provides funding for projects which maintain or fix the state highway system. As part of the development process, ODOT will seek direction from the OTC to continue with the current categories or modify program categories.
- **Enhance** - projects which expand or enhance the state owned and operated transportation system
- **Safety** - projects that are focused on reducing fatal and serious injury crashes on Oregon's roads
- **Public and Active Transportation** (formerly Non-Highway) - funds bicycle, pedestrian, public transportation and transportation options projects and programs
- **Local Programs** - provides direct funding to local governments and MPOs so they can fund priority projects
- **Other Functions** - provides funding for workforce development, planning and data collection and administrative programs using federal resources

ODOT staff returned to provide the Commission with a broad estimate the 2024-2027 STIP is expected to be around \$2.1 to \$2.2 billion statewide.

The Oregon Transportation Commission was presented options on how to distribute the estimated \$2.1 to \$2.2 billion forecasted revenues to four policy focused topical areas: **Fix-It, State Highway Enhance, Public and Active Transportation, and Safety** (in addition to Local and Administrative topical areas that are held constant across policy options). Different allocation amounts across these four topical areas are based on direction from the Commission and ODOT developed scenarios to illustrate different potential options for allocating resources to the STIP categories for the Commission to deliberate. The options looked at balancing how to advance the state's transportation goals and outcomes.

To assist the Commission with understanding the potential outcomes of different funding scenarios and tradeoffs, ODOT analyzed the scenarios against key outcome areas including congestion relief, multi-modal mobility, social equity, safety, climate change mitigation, climate change adaptation/resilience, and state of good repair. These goal areas were extrapolated from the Commission's Strategic Action Plan and meet requirements of

Executive Order 20-04, which requires considering greenhouse gas (GHG) emissions when making STIP decisions. The ODOT Climate Office designed the process to look specifically at climate outcomes (mitigation and adaptation) and then expanded it to show tradeoffs across other outcomes.

In total, the Commission deliberated and gathered public input on eight different allocation scenarios. The scenarios varied the amount of funding in the four categories: **Fix-It, State Highway Enhance, Public and Active Transportation, and Safety**, while keeping statutory (whether federal or state) minimums in the fix-it, public and active transportation, and safety categories in place. (With the addition of the local programs category staying constant.) Discretionary funding, primarily from the fix-it category and the other functions category were reallocated across state highway enhance, public and active transportation, and safety categories at varying levels and assessed to understand performance around key outcomes. The Commission started with four scenarios and requested ODOT staff gather public input from OTC advisory committees and the general public. With the feedback and direction provided on the initial scenarios, ODOT developed several hybrid scenarios which aimed to satisfy the Commission’s direction, address performance on key outcomes, and respond to public comment. After significant debate by the Commissioners with various amendments, the Commission approved the following allocation scenario. (See Table 6) The allocation scenario allows ODOT staff to begin the next steps in the process of proposing revenue levels to specific programs within each category (e.g. bridge program, pavement program, culvert program within the Fix-it category) using the category allocation amount.

Upon considering the expected outcomes of the different investment options, the OTC selected a preferred alternative outlined in Table 6.

Table 6. Allocation to ODOT Funding Categories (Statewide) Combined for FFY 2025-2027

Category	Amounts
Fix-it	\$826,839,314
ADA Curb Ramps	\$263,160,686
State Highway Enhance	\$175,000,000
Safety	\$147,000,000
Public and Active Transportation	\$255,000,000
Local Programs	\$404,500,000
Other Functions	\$161,410,568
TOTALS	\$2,232,910,568

Step 3: Distribution of Revenues to Funding Allocation Programs (January – March 2021)

The topical policy areas are made up of individual funding allocation programs. After the OTC decision on the distribution of revenues to the topical policy areas, ODOT staff then distributed the forecasted revenues to the individual funding allocation programs within each topical policy area. The following are the funding allocation programs outlined in Table 7.

Table 7. Description of ODOT Funding Programs

<u>Fix-It Category</u>	
Fund/Program	Description
Fix-It Program - Bridge	The Fix-It Bridge program addresses state bridges and the maintenance and operations of bridges within ODOT control.
Fix-It Program – Highway Pavement Maintenance	This is the non-capacity enhancing operations and maintenance component to ODOT’s overall system preservation. The Highway Pavement Maintenance program addresses the maintenance, operations, and asset management needs of the interstate and state-owned network.
Fix-It Program – Culvert	The Culvert program addresses the rehab and replacements of roadway culverts.
Fix-It Program – Operations	The Operations program addresses the maintenance, operations, and asset management of operations equipment, such as traffic signals, ramp meters, variable message signs, and other communications equipment.
HB2017 – Bridges Designates a portion of HB2017 funding for Bridge Project	Allocates 70% of House Bill 2017 net revenue for bridge/seismic projects.
HB2017 – Pavement Preservation and Culvert Maintenance	Allocates 24% of House Bill 2017 net revenue for pavement and culvert projects.
<u>ADA Category</u>	
Fund/Program	Description
ADA Curb Ramps	Provides funding for the update of ADA curb ramps statewide.

<u>State Highway Enhance Category</u>	
Fund/Program	Description
HB2017 Enhance	Funding for named projects in HB 2017 Sec 71.
State Highway Enhance	Program direction under development.
<u>Safety Category</u>	
Fund/Program	Description
All Roads Transportation Safety (ARTS)	A data-driven, jurisdictionally blind safety program to address safety on all public roads.
Rail Crossing Safety	Funds highway grade crossing safety improvement projects to reduce the number of fatalities, injuries, and crashes at public railway-highway grade crossings.
HB2017 funding for Highway Safety	Allocates \$10 million per year for Safety improvements and projects.
<u>Public and Active Transportation Category</u>	
Fund/Program	Description
Off-System Bicycle/Pedestrian	Funds bicycle and pedestrian paths or trails outside of the highway right of way.
Safe Routes to School Education	Funds education and outreach efforts that improve, educate, or encourage children safely walking (by foot or mobility device) or biking to school.
Transportation Options	Funds ODOT's Transportation Options program which supports efforts to improve travel choice for Oregonians and improve the efficiency with which people and goods move through the transportation system.
Bike-Ped Strategic	Project to improve pedestrian and bicycle infrastructure on/along the state-owned system.
ODOT SRTS Infrastructure	Pedestrian and bicycle infrastructure projects which address the needs of students who walk and bike to school, specifically focused on the state-owned system.
Transit Vehicle Replacement	Public transportation funding for replacement of transit vehicles to which ODOT holds title.

Passenger Rail Facility Plan	Planning design of a passenger train servicing and maintenance facility in Eugene.
Rec Trails Program	Funds provided to Oregon State Parks for recreational trail projects.
Mass Transit	Public transportation funding for vehicle replacement for urban fixed-route bus fleets.
Transit Elderly & Disabled	Public transportation funding for capital, purchased service and preventive maintenance projects that serve the mobility needs of people with disabilities and seniors.
Bicycle and Pedestrian	Funds bicycle and pedestrian facilities within the right-of-way of public roads, streets or highways open to motor vehicle traffic to meet the requirement for ODOT to spend 1% of State Highway Fund dollars on biking and walking enhancements.
HB2017 Safe Routes to Schools Program	Provides \$15 million per year for the Safe Routes to School Program. This program focuses on infrastructure on making sure safe walking and biking routes exist through investments in crossings, sidewalks and bike lanes, flashing beacons, and the like. ODOT administers a competitive infrastructure grant program.
<u>Local Programs Category</u>	
Fund/Program	Description
Surface Transportation Program to large MPOs	STBG Funds allocated to the three (3) Transportation Management Area agencies for program and projects.
Transportation Alternatives Program to large MPOs	TAP Funds allocated to the three (3) Transportation Management Area agencies for program and projects to address non-roadway needs.
MPO Planning	Funds allocated to the MPOs throughout the state to address federal transportation planning requirements.
Congestion Mitigation and Air Quality Improvements (CMAQ)	Funds allocated to MPOs and local agencies in eligible areas to address air quality issues throughout the state.
Local Bridge	Funding allocated to address locally owned bridge projects which are located on local facilities. ODOTs Bridge Section coordinates selection and funding of Federal Highway Bridge Program bridges through the Local Agency

	<p>Bridge Selection Committee, a committee of city, county, and state representatives. Local agency bridges are prioritized using a Technical Ranking System and selected in categories of Large (30,000+ square feet of deck area), Small On-System, and Small Off-System.</p>
STBG Allocation to Cities, MPOs & Counties	<p>Funding allocated to local agencies via the Association of Counties/League of Cities agreement. Agencies receiving funding are non-TMA MPOs, Counties and Cities above 5,000 population and outside of MPOs.</p>
Immediate Opportunity Fund	<p>Provides funding to construct and improve streets and roads to serve site-specific economic development projects. Managed in cooperation with the Oregon Business Development Department.</p>
Transportation Growth Management (TGM)	<p>The Transportation Growth Management (TGM) program is to support community efforts to expand transportation choices. By linking land use and transportation planning, TGM works with local governments to create vibrant, livable places in which people can walk, bike, take transit or drive where they want to go. The TGM Program awards grants on an annual basis. TGM grants are for planning work leading to local policy decisions. TGM typically awards between \$2 and \$2.5 million per cycle. Projects are selected on a competitive basis within each of the five ODOT regions. The regional allocation – funds available for projects - is based on a formula that considers the number of cities and the population within a region. Grants generally have two-years for projects to be negotiated and completed. Award amounts generally range between \$75,000 and \$250,000.</p>
Local Tech Assistance Program (LTAP)	<p>The Local Tech Assistance Program (LTAP) provides assistance to employees and volunteers of grant recipients and others to attend transit-related trainings. Training is provided directly by Public Transit Section staff or at state, regional, and national workshops and conferences. Funds are distributed through competitive and formula processes based on criteria developed by the Public Transit Section. The number of scholarships awarded for a specific event or to an agency may be limited. The Public Transit Section reimburses qualified expenses to the agency (not the individual). Funding is provided through state funding sources and the Federal Transit Administration’s Rural Transit Assistance Program (5311(b)(3)). Attendance at the annual Oregon Public Transportation Conference, grant-related trainings (such as trainings prior to a grant application cycle), transit manager topic</p>

	trainings, grant management trainings, compliance trainings, training provided by other state agencies or other sources.
<u>Other Functions Category</u>	
Fund/Program	Description
State Planning and Research	Funding for statewide planning and research as part of federal requirements.
Climate Office	Funding allocated to address climate impacts on the transportation system.
Workforce Development and On Job Training	Funds allocated to the ODOT Office of Civil Rights.
Indirect Cost Allocation Plan (ICAP)	Funds allocated to recoup overhead costs as approved by FHWA

Table 8. Revenue Allocation Amounts to ODOT Funding Programs (Statewide), Combined for FFY 2025-2027

Category	Amounts
Fix-it	\$826,839,313
Bridge & Seismic	\$386,146,192
Preservation	\$309,000,000
Operations	\$76,693,122
Culverts	\$55,000,000
ADA Curb Ramps	\$263,160,686
ADA Curb Ramps	\$170,000,000
ADA Borrow from Fix-It	\$93,160,686
Enhance	\$175,000,000
HB2017 Enhance	\$110,000,000
Enhance Highway	\$65,000,000
Safety	\$147,000,000

All Roads Transportation Safety	\$108,000,000
Rail Crossing Safety	\$9,000,000
HB2017 Safety	\$30,000,000
Non-Highway	\$255,000,000
Off-System Bicycle and Pedestrian	\$36,000,000
Safe Routes to School Education	\$4,000,000
Transportation Options	\$7,500,000
Bicycle-Pedestrian Strategic	\$45,000,000
ODOT Safe Routes to School Infrastructure	\$10,000,000
Transit Vehicle Replacement	\$15,000,000
Passenger Rail Facility Planning	\$1,000,000
Transportation Alternatives Program – Recreational Trails	\$4,000,000
Mass transit	\$12,000,000
Transit Elderly and Disabled	\$50,000,000
Bicycle-Pedestrian 1%	\$25,500,000
HB2017 Safe Routes to School Infrastructure	\$45,000,000
Local Programs	\$404,500,000
Surface Transportation Program to Large MPOs	\$124,000,000
Transportation Alternatives Program	\$6,000,000
MPO Planning	\$13,000,000
Congestion Mitigation and Air Quality	\$61,000,000
Local Bridge	\$80,000,000
Surface Transportation Program Allocation to Cities and Counties	\$76,000,000
Surface Transportation Program Allocation to Small MPOs	\$18,000,000
Immediate Opportunity Fund	\$10,500,000

Transportation and Growth Management	\$15,000,000
Local Technical Assistance Program	\$1,000,000
Other Functions	\$161,410,568
State Planning and Research	\$66,000,000
Climate Office	\$4,000,000
Workforce Development/On the Job Training	\$2,250,000
511 System Operations	\$600,000
Indirect Cost Allocation Plan (ICAP)	\$88,560,568
TOTALS	2,232,910,567

Step 4: Estimates of Funding Allocation Program Revenues to ODOT Region 1 and the Portland Metro MPO Area (January – June 2021)

Estimates of each ODOT funding allocation program that could be available to the areas encompassed by ODOT Region 1 and for the Metro Metropolitan Planning Area were created, other than for services provided by ODOT as a statewide program. These estimates were made to provide context for MPO areas to understand potential levels of ODOT investment in their area transportation systems so that they could consider strategy of all investments in meeting the areas priority needs, and then communicating those strategies and priorities to ODOT staff and the allocation processes decision making structure.

The key for Table 9 summarizes the methods used to develop a forecast or estimate of the revenues that could flow to transportation projects or services. The ODOT Region 1 allocations and estimates were made based on historic trends from those programs, where available. The historical allocations were calculated to find the estimated percentage of how much of the funding program total was allocated to projects with ODOT Region 1. With funding programs which are new and previous allocation a rough estimated range was identified based on the funding program rules.

Recognizing ODOT Region 1 encompasses areas outside the Portland metropolitan region, a reduced level of funding was estimated for funding coming to the Metro metropolitan planning area within ODOT Region 1. The specific method used for this amount is summarized in the key to Table 9.

These estimates are not to be interpreted as a commitment of an allocation of funds, but only an estimate to provide MPO areas the ability to understand the scale of funding available within programs to inform the development of the MTIP to pursue and advocate to ODOT or the Oregon Transportation Commission on local/regional priorities.

In the Portland metropolitan area, the following estimates were developed for the ODOT funding allocation programs.

Table 9. ODOT Funding Program Amounts, Federal Fiscal Years 2025-2027

Funding Program	Statewide Amount	ODOT Region 1 Amount	Metro MPA Amount
<i>Fix-it</i>			
<i>Bridge</i>	\$386,146,192	\$90,000,000*	\$72,000,000/
<i>Preservation</i>	\$309,000,000	\$22,300,000*	\$17,840,000/
<i>Operations</i>	\$76,693,122	\$22,108,613*	\$17,690,000/
<i>Culverts</i>	\$50,000,000	\$6,000,000*	\$0
<i>ADA Curb Ramps</i>			
<i>ADA Curb Ramps * /</i>	\$170,000,000	\$77,333,000	\$61,870,000/
<i>Pay back for 2021-24 Curb Ramps</i>	\$93,160,686	TBD ^	TBD ^
<i>Sub-Total</i>	\$1,089,990,000		\$169,400,000
<i>State Highway Enhance</i>			
<i>HB2017 Enhance</i>	\$110,000,000 ¹⁰	\$0	\$0
<i>State Highway Enhance</i>	\$65,000,000	TBD ^	\$18,480,000 ^
<i>Sub-Total</i>	\$175,000,000		\$18,480,000
<i>Safety</i>			
<i>All Roads Transportation Safety</i>	\$108,000,000	\$28,394,948 *	\$22,720,000 /
<i>Rail Crossing Safety</i>	\$9,000,000	\$300,000 *	\$240,000 /
<i>HB2017 Safety</i>	\$30,000,000		\$11,100,000 ^
<i>Sub-Total</i>	\$147,000,000		\$34,060,000
<i>Public & Active Transportation</i>			

¹⁰ Remaining funding dedicated to named transportation projects in House Bill 2017.

<i>Off-System Bicycle and Pedestrian</i>	\$36,000,000	TBD ^	\$13,320,000 ^
<i>Transportation Alternatives Program – Recreational Trails</i>	\$4,000,000	\$300,000 *	\$0
<i>Bicycle-Pedestrian Strategic</i>	\$45,000,000	\$14,100,000 *	\$11,280,000 /
<i>Bicycle-Pedestrian 1%</i>	\$25,500,000	6,000,000 #	\$4,800,000 /
<i>HB2017 Safe Routes to School Infrastructure</i>	\$45,000,000	TBD ^	\$16,650,000 ^
<i>ODOT Safe Routes to School Infrastructure</i>	\$10,000,000	TBD ^	\$3,700,000 ^
<i>Safe Routes to School Education</i>	\$4,000,000	TBD ^	\$1,480,000 ^
<i>Transportation Options</i>	\$7,500,000	TBD ^	\$2,775,000 ^
<i>Transit Vehicle Replacement</i>	\$15,000,000	TBD ^	\$0
<i>Passenger Rail Facility Planning</i>	\$1,000,000	TBD ^	\$370,000 ^
<i>Mass transit</i>	\$12,000,000	\$4,560,000 *	\$4,560,000 *
<i>Transit Elderly and Disabled</i>	\$50,000,000	\$16,650,000 *	\$13,320,000 /
Sub-Total	\$255,000,000		\$72,255,000
ODOT Directed Funding	\$1,667,000,000		\$304,125,000
Local Programs			
<i>Surface Transportation Program to Large MPOs</i>	\$124,000,000	\$93,600,000 *	\$93,600,000
<i>Transportation Alternatives Program</i>	\$6,000,000	\$4,380,000 *	\$4,380,000
<i>MPO Planning</i>	\$13,000,000	\$1,800,000 *	\$1,800,000
<i>Congestion Mitigation and Air Quality</i>	\$54,300,000	\$39,640,000 *	\$39,640,000
Sub-Total Local to MPO	\$204,000,000		\$139,420,000
<i>Local Bridge *</i>	\$80,000,000	\$31,224,000 *	\$24,980,000 /

<i>Surface Transportation Program Allocation to Cities and Counties (non MPO areas)</i>	\$76,000,000	\$6,500,000 @	\$0
<i>Immediate Opportunity Fund</i>	\$10,500,000	\$1,000,000 *	\$800,000 /
<i>Transportation and Growth Management</i>	\$15,000,000	\$3,000,000 *	\$2,500,000 /
<i>Local Technical Assistance Program</i>	\$1,000,000	N/A	N/A
<i>Sub-Total Local to City/County</i>	\$182,500,000		\$28,280,000
<i>Local Program Sub-Total</i>	\$386,500,000		\$167,700,000
<i>Other Functions</i>			
<i>State Planning and Research</i>	\$66,000,000	\$8,500,000 *	N/A
<i>Climate Office, Workforce Development, 511 System</i>	\$6,850,000	N/A – statewide programs	N/A
<i>Indirect Cost Allocation Plan</i>	\$88,560,568	N/A	N/A
<i>Sub-Total</i>	\$161,410,568		
<i>Grand Total</i>	\$2,215,000,000		\$461,895,000

Key for Determining MPO Area Estimates

Forecast Amount to ODOT Region 1	
TBD	Not yet defined how ODOT Region sub-allocation or project allocations will be made.
^	Allocated through competitive, discretionary, or mandated statewide process. Forecast 37% of funds come to Metro region based on % of state population unless otherwise noted.
*	Estimate based on historic allocation performance % or direct awards in last STIP cycle.
#	Actual ODOT Region sub-allocation target.
@	Estimate based on percentage of statewide long-range funding forecast
Forecast Amount to Metro area portion of ODOT Region 1	
/	Metro area forecast based on estimate of 80% of Region 1 funding allocated to Metro area projects. Typically used unless historical allocations or program purpose or direction indicates a different percentage more appropriate.

TRANSIT AGENCY REVENUE FORECASTS

The revenue forecast and funding allocation process for transit funding for TriMet and SMART is completed in three phases:

- Estimation of the transit agency revenues (Fall 2020 – Spring 2021),
- Forecasted distribution of estimated transit agency revenues to transit agency budget programs (Winter – Spring 2021), and
- Adoption of final annual budget (Spring – Summer of each year for the subsequent fiscal year).

This revenue forecast documents the first two steps of this process. TriMet and SMART provide a description of the third step with the MPO annually in conjunction with their budget process.

A revenue forecast for transit funding takes place annually as part of the agency’s budget process, which differs from the three-year funding cycle allocation undertaken by Metro and ODOT for the allocation of federal, state, and regionally significant local revenues. The transit agencies revenue forecast uses the annual budget process to inform the development of the transit portion of the revenue forecast of the 2024-2027 MTIP.

SOUTH METRO AREA REGIONAL TRANSIT (SMART) REVENUE FORECAST

Step 1: SMART Revenue Forecasting (Fall – Spring – Annually)

As part of SMART’s annual budget process, a revenue and expenditure forecast is developed. This MTIP reports on SMART’s revenue forecast for the relevant MTIP years of 2024 through 2027. Base assumptions to developing the forecast are based on historical trends and updated with actual appropriations and limitations. SMART begins with a baseline by averaging the most recent 3-year revenues. Anticipated levels of funding are then forecasted from the baseline with an expected increase of 1%-3%. The forecast will be adjusted if changes to revenues or current cost structures change significantly. SMART collaborates with TriMet and C-TRAN to estimate shares of the Urbanized Area Formula Funds from the Federal Transit Administration as they become available.

Non-Federal Operating Revenues

- **Payroll Tax:** SMART’s predominant source of ongoing funding is the local payroll tax levied on businesses performing work in Wilsonville assessed on gross payroll and/or self-employment earnings. The payroll tax on local businesses covers employment within city limits and in 2008 the tax rate was raised to its current level of .5 percent (.005). Transit tax funds are used to pay for SMART operations and to leverage funding from federal and state grants. Payroll tax amounts collected by the city typically increase year to year, as companies increase their payroll through wage adjustments or by adding to their payroll and as the economy grows with new businesses relocating to the city.
- **Passenger Fares:** A very small component of local funding includes charges for services, such as fare box and transit pass sale revenue. SMART’s commitment to

diversity, equity and inclusion is augmented by offering fare free service on nearly all routes. Currently, SMART charges fares for the regional Route 1X that travels between Salem and Wilsonville and a regional Dial-a-Ride program that provides door-to-door medical trips for Wilsonville residents to the greater metro area

- **Other Revenues:** SMART recognizes a small percentage of other income received by way of investment and donations. These monies are outside of the traditional structure of revenues and may be reinvested or reallocated.
- **Statewide Transportation Improvement Fund (STIF):** With the passage of House Bill 2017, Keep Oregon Moving, the Oregon Legislature made a significant investment in transportation to help advance the things that Oregonians value—a vibrant economy, strong communities, high quality of life, a clean environment, and safe, healthy people. This historic investment in Oregon’s transportation system will produce benefits for decades to come. SMART is part of that investment, connecting many regional communities through coordination with numerous transportation partners. STIF funds enable SMART to leverage federal funding for capital purchases and expand intercity transit connectivity. SMART has many goals, based from citizen surveys and customer feedback for how STIF will enhance the region’s transportation network, including express service to Clackamas Town Center and Downtown Portland. For these projects to come to fruition, SMART seeks plan approval from Wilsonville’s City Council and Clackamas and Washington County Advisory Committees before submitted to TriMet’s STIF Advisory Committee for regional approval. The plan is then packaged, reviewed by ODOT and approved by the Oregon Transportation Commission.

Federal Operating Grants

- **Section 5307 Urbanized Area Formula Program:** Eligible activities include: planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, communications, and computer hardware and software. In addition, associated transit improvements and certain expenses associated with mobility management programs are eligible under the program. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs. Urbanized areas of 200,000 or more may not use funds for operating assistance.

Funding is apportioned on the basis of legislative formulas. For areas with populations of 200,000 and more such as the Portland-Vancouver urbanized area, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. These funds are sub-allocated by agreement within the urbanized area between TriMet, C-Tran, and SMART; the three transit agencies that serve the metropolitan area.

- Section 5310 Enhanced Mobility of Seniors & Individuals with Disabilities Program:** Formula funding to states for the purpose of operating assistance in meeting transportation needs of the elderly and persons with disabilities. In addition of transit agencies being eligible, non-profit organizations are also eligible for 5310 Enhanced Mobility of Seniors and Individuals with Disabilities funding. FTA Section 5310 Elderly and Disabled Capital program funds are funds to be used to make purchases of capital equipment or construction of small facilities. The expenditures must be used to support transportation services for seniors and persons with disabilities. The funds are provided through a competitive grant program on a biennial cycle. As FTA funds, they follow all federal requirements associated with the program. Projects funded with this program are intermittent and on an as-needed basis. A small amount of additional 5310 funds comes to SMART as a result of Wilsonville’s status as a “direct recipient” of FTA monies. These funds come to the region and SMART’s share is determined through a negotiated process involving SMART, TriMet, and C-Tran.
- Section 5339(a) Grants for Buses & Bus Facilities Formula Program:** Provides funding to states and transit agencies through a statutory formula to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, this program includes two discretionary components: The Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program. The Bus and Bus Facility Discretionary program funds are distributed through a competitive process by the FTA. These fund can be used only for the purchase of rolling stock or the construction of transit facilities that support transit bus operations. The Low or No Emissions Bus Discretionary program provides for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required supporting facilities. These funds are allocated through a highly competitive process. Future awards are dependent on the specific process outlined by the FTA and the strength of other project proposals competing against SMART’s requests for funding. SMART has had a fairly successful track record in securing these and other FTA grant funds for replacement buses, and has been able to modernize the fleet in recent years.

Table 10. SMART Revenue Forecast, Federal Fiscal Years 2024-2027

Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FYs 2024-27 Total
Passenger Fares	\$16,658	\$16,879	\$17,100	\$17,321	\$67,958
Payroll Taxes	\$5,189,890	\$5,245,451	\$5,301,013	\$5,356,574	\$21,092,928
Operating Grants*	\$2,115,468	\$2,156,150	\$2,196,832	\$2,237,514	\$8,705,965

STIF	\$2,026,500	\$2,074,750	\$2,123,000	\$2,171,250	\$8,395,500
Other Funding	\$84,800	\$87,200	\$89,600	\$92,000	\$353,600

*Operating Grants include federal funding revenues listed in more detail below.

Table 11. Federal Grants to SMART Forecast, Federal Fiscal Years 2024-2027 (From the SMART Programming of Projects)

Funding Source	FY 2021	FFY 2024	FFY 2025	FFY 2026	FFY 2027
Section 5307 Urbanized Area Formula	\$381,770	\$416,600	\$428,212	\$439,823	\$451,434
Section 5310 Enhanced Mobility of Seniors & Individuals w/Disabilities	\$32,515	\$35,481	\$36,470	\$37,459	\$38,448
Section 5339(a) Bus & Bus Facilities	\$102,416	\$111,760	\$114,875	\$117,990	\$121,105
Other Federal Discretionary Funding Awards	\$240,000	TBD – will be programmed if applications for funding are awarded at the discretion of the Federal Transit Administration or other federal agency.			

1. 5307 Urbanized Area Formula

Project name: Preventive Maintenance, Engineering & Design

Description: For preventive maintenance of existing vehicle fleet (including .5 service worker) and engineering and design services for SMART Fleet/Administration Phase II Expansion.

2. 5310 Formula Enhanced Mobility of Seniors and Individuals with Disabilities

Project Name: Demand Response Operations

Description: Funds applied to demand response operating costs.

Project Name: Travel Training

Description: Contract with 3rd party vendor for mobility management and special transportation service provider in the greater Portland region to provide free travel training for seniors and people with disabilities in Wilsonville.

3. 5339 (a) Bus and Bus Facilities

Project Name: Wilsonville Transit Center Design Upgrade

Description: Engineering and design work for rider amenities including covered walkways, seating, bike locker enclosure, and landscaping.

Project Name: Bus Shelters and Amenities

Description: Vendor will produce three design options and their related budgets.

Step 2: SMART – Distribution of Revenues to Major Budget Categories (Winter – Spring – Annually)

SMART has several categories of activities for its budget process that are assigned forecasted revenues. All plans and concepts that SMART utilizes are derived from goals of the Wilsonville City Council, SMART's governing board. Department goals are then used, along with community participation, to create a Transit Master Plan (TMP). The TMP is the primary guiding document that permits project implementation. Included in the TMP is the Statewide Transportation Improvement Fund (STIF) which, in general, is allocated for route expansion and intercity connectivity. These plans allow SMART staff to forecast the apportionment of funding to specific capital projects and operational expansions.

SMART relies on ODOT's Transit Asset Management Group Plan (TAM) in determining funding for current and future maintenance of transit assets, such as rolling stock, infrastructure, equipment, and facilities. SMART uses the TAM in coordination with the TMP to forecast the funding needed for assets in correlation to future projects.

Operations

Total day-to-day Operating Requirements for all activities required to operate the system (including other post-employment benefits) and Debt Service (if applicable). Sub-categories, especially categories that are typically assigned federal grant program revenues, include:

- Bus Preventive Maintenance

Description: Labor and materials/services used for on-going maintenance of the SMART Bus fleet. This budget category typically utilizes Section 5307 Urbanized Area Formula Program revenues and local payroll tax revenue sources.

- Bus Purchases

Description: Purchase of buses for fixed route service. This budget category utilizes federal Section 5339(a) Grants for Buses & Bus Facilities Formula Program revenues, Statewide Transportation Improvement Fund revenues, and local payroll tax revenues.

- Capital Improvement Program

Description: Purchase and installation of bus shelters and passenger amenities at bus stops. This budget category typically utilizes Section 5307 Urbanized Area Formula Program revenues and local payroll tax revenue sources.

Step 3: Adoption of Annual Budget (Spring – early Summer – Annually)

Each year SMART shares with the MPO the proposed budget for the upcoming fiscal year. This takes place at the regular committee meetings of TPAC and JPACT. The presentation includes the budget themes and categories. It also includes the federal programming of projects. Further information is provided on the budget process and timeline. The MPO has the opportunity to comment on the budget, request information regarding how the proposed budget reflects regional transportation planning priorities and vote on including proposed federal transit fund programming is to be included in the MTIP.

In conjunction with the annual budget process, SMART publishes the federally required “Program of Projects”, showing how federal grant funding for the upcoming fiscal year will be proposed for inclusion in the current Metropolitan Transportation Improvement Program. This proposed programming will have the most current forecast of available funds and may include new programming or be an update to existing programming of the federal grant funds. An opportunity for public comment on the Program of Projects is also provided as a part of this process.

The SMART budget process includes a minimum of two public Budget Committee meetings. The City’s Budget Committee consists of the five city councilors and five citizens at large. The citizens are appointed by the governing body and serve three-year terms. Once the budget is approved by the committee it is then sent to City Council for final adoption. City Council adopts the budget prior to July 1.

TRIMET – REVENUE FORECAST

Step 1: Developing the Revenue Forecast (Fall – Spring – Annually)

As part of TriMet’s annual budget process, a 10-year revenue and expenditure forecast is developed. This MTIP forecast utilizes the 10-year budget forecast and reports on the relevant MTIP years of 2024 through 2027. TriMet has six categories of revenues; passenger fares, payroll taxes, State transit investment funds, other funding, operating grants (federal and non-federal), and capital improvement grants (federal).

A short description of each of the six categories of revenues are provided below.

- **Passenger Fare revenues:** funds from the sale of passes and individual fares. Fare collection revenue is forecasted to grow at varying rates from a high of 30.5% in 2024 as the region recovers from Covid19 related ridership reductions to a low of 3.4% in 2026. Forecast factors in a fare increase every other year beginning in 2023.
- **Payroll taxes:** revenues from a tax on the wages paid by an employer and the net earnings from self-employment for services performed within the TriMet District boundary. The current rate is 0.7837%. Employer tax revenues during this time is expected to increase due to economic recovery. Future tax rate is currently scheduled to increase incrementally through 2026, accounting for additional revenue growth from this source.
- **State Transit Investment Fund (STIF):** funds from the State of Oregon, who collect several taxes and fees to pass through to public transit service providers to support transit service in the state. The STIF is primarily funded through a tax on employees. Through legislation which was passed in 2020, some additional small state formula funding programs for public transit, such as the lottery tax funded Special Transportation Fund, were combined into the STIF for administration and grant-making purposes.
- **Other Funding:** 71% of Other Funding is sourced by revenue streams that have equaling expenditures to TriMet and no net gain to the agency (*Line of Credit and Intergovernmental Agreements/Funding exchange*). The remaining 29% of the revenue stream is mostly comprised of Transit Advertising, cost per ride reimbursements for Oregon Department of Human Services, City of Portland reimbursement for Streetcar Personnel, Energy Tax Credit Sales revenue and other smaller miscellaneous revenues.

Operating Grants

Non-Federal Operating Grants

Annually is expected from miscellaneous sources, such as ODOT 5310 funds, ODOT Mass Transit program, City of Wilsonville Westside Express Service (WES) operating assistance contribution and a small amount of local contributions.¹¹ These small contributions account for limited amount of revenues in TriMet’s overall annual budget.

¹¹ TriMet considers pass through funds from ODOT, such as the FTA 5310 funding, as non-operating revenues because they are passed through the state.

Federal Operating Grants

- **Section 5307 Urbanized Area Formula Program:** Eligible activities include: planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software. In addition, associated transit improvements and certain expenses associated with mobility management programs are eligible under the program. All preventive maintenance and some Americans with Disabilities Act complementary paratransit service costs are considered capital costs. Urbanized areas of 200,000 or more may not use funds for assistance in providing service operations.
- Funding is apportioned on the basis of legislative formulas. For areas with populations of 200,000 and more such as the Portland-Vancouver urbanized area, the formula is based on a combination of bus revenue vehicle miles, bus passenger miles, fixed guideway revenue vehicle miles, and fixed guideway route miles as well as population and population density. These funds are sub-allocated by agreement within the urbanized area between TriMet, C-Tran and SMART; the three transit agencies that serve the Portland/Vancouver urbanized area as defined by the Census Bureau and recognized by the FTA for distribution of these funds.
- **Section 5337 State of Good Repair Grant Program (High Intensity Motorbus and High Intensity Fixed Guideway):** This funding program provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair. Available for capital projects that maintain a fixed guideway or a high intensity motorbus system in a state of good repair, including projects to replace and rehabilitate:
 - rolling stock
 - track
 - line equipment and structures
 - signals and communications
 - power equipment and substations
 - passenger stations and terminals
 - security equipment and systems
 - maintenance facilities and equipment
 - operational support equipment, including computer hardware and software as well as implement transit asset management plans.
- **Section 5310 Enhanced Mobility of Seniors & Individuals with Disabilities Program:** Formula funding to states for the purpose of assisting in meeting

transportation needs of the elderly and persons with disabilities. Some 5310 funds is allocated, through a competitive grant process to private non-profit organizations which provide transportation services for seniors and individuals with disabilities as well as to TriMet's paratransit program, vehicle fleet replacement or expansion to provide services for senior and individuals with disabilities services, and SMART's various transit program for seniors and individuals with disabilities.

- **Section 5339(a) Grants for Buses & Bus Facilities Formula Program:** Provides funding to states and transit agencies through a statutory formula to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. In addition to the formula allocation, this program includes two discretionary components: The Bus and Bus Facilities Discretionary Program and the Low or No Emissions Bus Discretionary Program. Potential discretionary funds are not included in the forecast at this time as they have not been secured.
- **Urban Surface Transportation Block Grant (STBG) or Congestion Mitigation – Air Quality (CMAQ):** Metro programs Urban STBG or CMAQ federal funding authority to TriMet as committed in prior RFFA funding cycles consistent with a payment schedule on bonded debt that was used to plan and construct the region's rail transit system and for project development of other projects.
- **Capital Improvement Grants:** The Federal Transit Administration provides some application based and discretionary grants for projects, including the Capital Investment Grants program described below. At this time, no discretionary or capital improvement grants are secured for receipt within the 2024-2027 time period. TriMet anticipates applying for capital funding, which will be added to the forecast and programmed in the MTIP as funding is secured.
 - **Section 5309 Capital Improvement Grants (CIG):** Provides funding through a multi-year competitive process for transit capital investments, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. Federal transit law requires transit agencies seeking CIG funding to complete a series of steps over several years to be eligible for funding.

Table 12. Summary of TriMet Forecasted Revenues, Fiscal Years 2024 – 2027

Revenues (Millions of \$)	FY 2024	FY 2025	FY 2026	FY 2027	FYs 2024-2027 Total
Passenger Fares	\$95	\$106	\$110	\$115	\$426
Payroll Taxes	\$459	\$480	\$503	\$523	\$1,965
STIF	\$16	\$23	\$23	\$27	\$89
Other Funding	\$96	\$97	\$97	\$98	\$388
Operating Grants*	\$90	\$91	\$93	\$94	\$368
Capital Improvement Grants	No forecast - to be determined on award of grants				

*Operating Grants include federal funding revenues listed in more detail below.

Table 13. Federal Grants to TriMet, Federal Fiscal Years 2024-2027 (Part of Operating Grants element of Table 12, in millions)

Funding Source	FFY 2024	FFY 2025	FFY 2026	FFY 2027	FYs 2024-2027 Total
Section 5307 Urbanized Area Formula	\$41.3	\$42.2	\$43.0	\$43.9	\$170.4
Section 5337 State of Good Repair	\$24.3	\$24.8	\$25.3	\$25.8	\$100.2
Section 5310 Enhanced Mobility of Seniors & Individuals w/Disabilities	\$1.4	\$1.4	\$1.4	\$1.5	\$5.7
Section 5339(a) Bus & Bus Facilities	\$0	\$0	\$0	\$0	\$0
Urban STBG or CMAQ Bond payment	\$21.8	\$21.8	\$21.8	\$21.7	\$87.1
Other Federal Discretionary Funding Awards	TBD – revenues will be programmed if applications for funding are awarded at the discretion of the Federal Transit Administration or other federal agency.				

Step 2: TriMet – Distribution of Revenues to Major Budget Categories (Winter – Spring – Annually)

TriMet has four major categories of activities for its budget process that are assigned forecasted revenues; operations, capital improvement program, pass through and special payments, and contingency and ending fund balance.

Operations

Total day-to-day Operating Requirements for all activities required to operate the system (including other post- employment benefits) and Debt Service.

Sub-categories within operations that are typically assigned federal grant program revenues and amended into the MTIP, include:

- **Bus & Rail Preventive Maintenance:** Labor and materials/services used for on-going maintenance of the TriMet Bus and Rail fleets. This budget category typically utilizes Section 5307 Urbanized Area Formula Program revenues, Section 5337 State of Good Repair Program revenues.
- **Bus Purchases:** Purchase of buses for fixed route service. This budget category utilizes federal Section 5339(a) Grants for Buses & Bus Facilities Formula Program revenues.

Capital Improvement Program

TriMet typically seeks federal Capital Improvement Grant program and other discretionary funding sources for large capital projects. A current example is the MAX Red Line project that is slated to receive federal CIG funds. At this time, no projects have secured funding expected for the 2024 – 2027 timeframe. As such funds are secured, they will be added into the MTIP through the amendment process.

Pass Through and Special Payments

Funds which TriMet receives that are required to be provided to other governmental agencies. One sub-category of this budget category includes:

- **Elderly and persons with disability services:** To fund mobility management activities, purchase of services, operating, and preventative maintenance on vehicles for services focused on the elderly and persons with disabilities within the Portland Urbanized Area. Pass Through subrecipients include, but not limited to non-profit organizations, SMART, and Ride Connection This budget category utilizes federal Section 5310 Enhanced Mobility of Seniors & Individuals with Disabilities Program revenues.

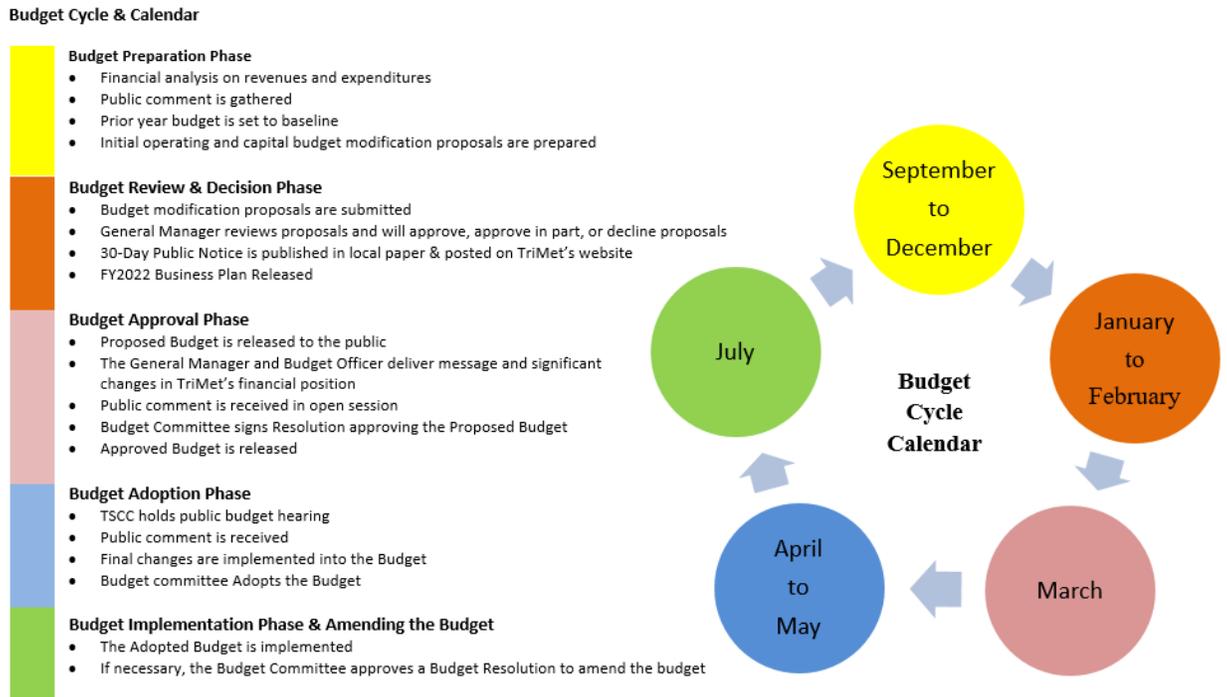
Contingency and Ending Fund Balance

Contingency is an appropriated amount of a minimum of 3% of operating requirements and is adjusted for risks and those activities unknown at the time of budget adoption. Ending Fund Balance is unappropriated and not available for spending in its budget fiscal year. Fund balance includes restricted bond proceeds and other restrictions to be spent after that budget year, restricted revenues for future debt service payments; and unrestricted fund

balance, which contains between 2.0 and 2.5 months operating reserves as required by the TriMet Board of Directors.

Step 3: Adoption of Annual Budget (Spring – Summer – Annually)

The development, adoption, and implementation of the TriMet budget has five phases as summarized in the graphic below.



The TriMet budget process is guided by the agency Vision, Mission and Values, the annually updated Business Plan with a 5-year horizon, Financial Policies, and a budget process that meets budget law. The current TriMet budget and a description of the budget process for next fiscal year is available here: <https://trimet.org/budget/>

Coordination of the TriMet Budget and the MTIP

Each year TriMet shares with the MPO the proposed budget for the upcoming fiscal year. This takes place at the regular committee meetings of TPAC and JPACT. The presentation includes the budget themes and categories. It also includes the federal programming of projects. Further information is provided on the budget process and timeline. The MPO has the opportunity to comment on the budget, request information regarding how the proposed budget reflects regional transportation planning priorities and vote on including proposed federal transit fund programming is to be included in the MTIP.

In conjunction with the annual budget process, TriMet publishes the federally required “Program of Projects”, showing how federal grant funding for the upcoming fiscal year will be proposed for inclusion in the current Metropolitan Transportation Improvement Program. This proposed programming will have the most current forecast of available funds and may include new programming or be an update to existing programming of the federal

grant funds. An opportunity for public comment on the Program of Projects is also provided as a part of this process.

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

So, hello. We’re Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

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