

# CHAPTER 8 FINANCE

## INTRODUCTION

This chapter describes various funding sources that could be used to meet the needs of the transportation system in Klamath County. Costs for individual elements of the transportation system plan are outlined and compared to potential revenue sources. Subsequently, options for balancing plan costs and revenues are discussed.

## CAPITAL IMPROVEMENTS LIST

Order-of- magnitude cost estimates were developed for the projects identified in the roadway, bicycle, pedestrian and transit elements of this plan. Project costs were estimated using typical unit costs for transportation improvements, and do not reflect unique project costs such as significant environmental mitigation. Development of more detailed project costs (and additional financial analysis) could be prepared in the future as these projects are further studied and refined. Since many of the projects address multiple transportation modes (e.g., autos and bikes), projects costs were developed by project and include all elements of each relevant mode.

Table 8-1 is a summary of total capital cost by project. The State of Oregon would be responsible for many of the roadways, bicycle facilities, and pedestrian facilities in the plan. The pedestrian projects are not included in Table 8-1 because a specific cost has not been determined for their construction.

**Table 8-1. Summary of Capital Improvements List**

<b>Project</b>	<b>Estimated Budget</b>	<b>Percent</b>
OR 422: Williamson River Bridge	\$ 1,113,000	01.9%
OR 39/140: Western – Lost River Diversion	\$ 2,500,000	00.4%
OR 140: OC&E Over BNSF (Dairy)	\$ 2,479,000	00.4%
OR 140: Lakeshore – Green Springs	\$ 3,564,000	06.1%
OR 140: Modoc Billy Creek – Fish Hole Creek	\$ 4,073,000	07.0%
OR 140: N Little Butte Creek – Great Meadow	\$ 8,900,000	15.4%
OR 140: Summit Snow Park – Fourmile Flat	\$ 5,965,000	10.3%
Volcanic Legacy Byway: Doak Mtn Interp. Site	\$ 58,000	00.1%
US97: Modoc Point – Shady Pine	\$19,444,000	33.6%
US97: Chemult Cinder Production & Source Acq	\$ 288,000	00.4%
US97: N Chiloquin SB & Klamath Falls NB VMS	\$ 890,000	01.5%
US97: S. Century Drive – Spring Creek Hill	\$ 500,000	00.9%
US97: OR 31 Hwy Jct – SCL Crescent	\$ 8,178,000	14.1%
<b>Total</b>	<b>\$57,952,000</b>	

Note: Refer to ODOT'S 2008-2011 STIP for additional information on any of these projects.

In fiscal year ending June 30, 2003, the County received about \$15 million from federal, state, and local sources of revenue, and it spent about \$12 million on repair, replacement, and improvements to existing roadways and bridges. The single largest source of revenue, about 62 percent of total revenue, is the County share of timber receipts from federally managed forests in Klamath County. This source of revenue is due to be reduced to around \$500,000 per year from the current \$10,000,000 per year with the expiration of PL 106-393, commonly referred to as The Safety Net, after FY 20011-20012. Another significant and at risk source of revenue is interest on investments. The County invests reserves in interest bearing securities, and in 2003 these interest earnings amounted to over \$2.3 million, 15 percent of total receipts. The earnings are on cash reserves of approximately \$90 million. If the County spends these reserves, annual interest on investment also will decrease.

Klamath County owns and maintains 199 bridges. The transportation network is laced with bridges that link roadway sections, and these bridges are subject to storm damage and damage from daily usage. The County maintains a large reserve (\$45 million) for bridge repair and replacement.

### ***Additional Funding Sources***

### ***System Development Charges***

Oregon statutes permit Klamath County to charge each new real estate development in the County a transportation system development charge. The amount of the SDC is comprised of two fees—a reimbursement fee and an improvement fee. If the transportation system has excess capacity already built into it, then the County can calculate and charge a reimbursement fee to the new development. If no excess capacity exists, then the County may charge an SDC for roadways to be built that partially or wholly benefit future development.

The methodology to calculate the total SDC (with reimbursement and improvement fees) requires that each project in the capital improvement list be evaluated to determine how much benefit each proposed roadway improvement will benefit future development and determine a cost per future trip. In general terms, the SDC is the price one has to pay to purchase the capital assets needed to provide transportation services to a particular development. The amount that each new development pays varies proportionately with the amount of traffic the development is expected to produce.

In a perfect world where the county can precisely forecast future traffic, roadway capacity, and the cost of proposed projects, SDC charges will produce just enough money over time to pay the cost of building proposed roadways that benefit future developments. SDCs can provide a reasonable estimate of future capital costs and revenues resulting from growth.

### **Local-Option Motor Fuel Tax**

The County could adopt a local option fuel tax that would be in addition to the federal and state motor fuel taxes. This type of tax is charged by a minority of cities and counties in Oregon, though they collect a significant amount of money for roadway improvements.

**Table 8-2. Local Option Gas Tax Revenues**

		<b>Tax Rate</b>	<b>Annual</b>	
		<b>\$/gallon</b>	<b>Revenue</b>	<b>Gallons (Est.)</b>
<b>Cities</b>				
	The Dalles	\$0.03	\$323,253	10,775,100
	Tillamook	\$0.02	\$115,000	7,666,667
	Woodburn	\$0.01	\$105,360	10,536,000
<b>Counties</b>				
	Multnomah	\$0.03	\$7,857,000	261,900,000
	Washington	\$0.01	\$1,684,000	168,400,000
	Klamath County (Est)	\$0.01	\$ 609,273	60,927,267

Without knowing the amount of motor fuel pumped by service stations in Klamath County, one cannot accurately predict the amount of revenue it would generate at various tax rates. Using population to extrapolate the tax revenues realized in other counties, a rough estimate shows that a \$0.01 per gallon tax would produce about \$609,000 annually from service stations in Klamath County.

### **Bond Issues**

Klamath County could issue tax-based bonds to construct projects on the capital improvement list. Voters would need to approve a general obligation bond at a general election. In odd numbered years, a double majority is required to approve a tax measure such as a bond. That is, a majority of voters would have to cast ballots, and a majority of those would have to approve the bond. In even numbered years only a majority of cast ballots is needed to approve a bond measure. Revenues from a general obligation bond could be used only for capital improvements including major repairs to roadways.

The County's current assessed value is \$4,841,761,533. It has been growing about 12% per year, however the anticipated growth for 09-10 is in the neighborhood of 3.5%. A general obligation bond of \$1,000,000 repaid over a 20 year period at 5.5 % interest would require a tax of \$0.023 per \$1,000 of assessed value to pay annual debt service. A property (house) with an assessed value of \$150,000 would pay annual taxes of \$3.45 to pay debt service. The tax rate would decrease as assessed value increases. Growth in population and employment would distribute the fixed annual taxes over a broader base of tax payers, thus lessening the burden for all tax payers.

**Table 8-3. Assessed Value**

<b>Tax year</b>	<b>Assessed Value</b>	<b>Growth</b>
2007	\$4,326,787,882	NA
2008	\$4,841,761,533	12%

The County could ask voters to approve general obligation bonds periodically for a specific project or group of projects on the capital improvements list.

Another form of bonding is a serial levy in which voters approve a specific annual amount of taxes to be raised to fund construction of a particular project or set of projects. Each levy has a specific life, lasting up to 5 years. The drawback to this finance method is that projects can be funded only up to the amount of cash the County has in hand. Thus the County may need to levy the tax for 2 or 3 years before obtaining sufficient revenue to build a project. This source of bonding has most frequently been associated with operating expenses or major maintenance or repair projects. It also is considered to be part of the Constitutional property tax limit of \$10 per \$1,000 of assessed value. Depending upon the tax year and tax amounts by all taxing authorities on a particular property, the tax revenues may be compressed to less than the desired amount.

**SUMMARY**

The TSP capital improvements list identified \$238 million in projects of which \$91 million of projects will require new funding sources over the next 20 to 25 years. Most of the \$238 million of capital improvements will be paid with federal and state funding and with current County sources of revenue. Over time the County may consider adopting a system development charge, a local-option motor fuel tax, or use its bonding authority to borrow the money and repay it with new property tax assessments.

The County maintains a significant cash balance (approximately \$91 million) to account for the risks of lost timber receipts and of major damage to its 134 bridges.

**Table 8-4. Klamath County Needs Projects**

TSP Number	Project	Project	Brief Project Description	Project Source	Category1	Category2	PE Estimate	ROW Estimate	Total Estimate
<b>Costed/Funded:</b>									
140-4		OR140 @ Fish Lake Road (Greater Meadow Snow Park)	Left turn lane.	ODOT	Operations		\$15,000.00	\$0.00	\$377,000.00
140-5		OR 140: Ritter Rd. – Deer Run Rd. (Bly Mt. Curves)	{MP 25.17-32.56} Reconstruct and realign Hwy, widen shoulders, guardrail, construct climbing lane on eastside, left-turn refuge at Bly Mtn Cutoff (project scheduled 2008).	ODOT	Modernization				\$7,800,000.00
140-6		OR 140: Olene - Dairy	Curve correction.	ODOT	Operations	Safety	\$173,539.00	\$175,000.00	\$1,200,000.00
140-7		OR 140: Spring Creek - Sycan Marsh Rd	Install guardrail; curve correction	ODOT	Modernization		\$113,000.00	\$115,000.00	\$1,213,000.00
140-8		OR140: Stevenson Co. Park - "E" Canal	Realign highway and reconstruct roadway.	ODOT	Modernization		\$46,000.00	\$0.00	\$1,161,000.00
39-2		Hwy 39 & 140 Interchange.	Construct interchange at Hwy 39 & 424; project to connect Southside Expressway Extension project.	ODOT	Modernization		\$0.00	\$0.00	\$9,000,000.00
39-4		OR 39/140: Western - Lost River Diversion	Add signals; widen aqueduct; lower grade at RR crossing	ODOT	Modernization		\$1,108,000.00	\$3,000,000.00	\$7,588,000.00
66-2		Kern Swamp Road - Klamath River Bridge	{MP 53.64-50.26} Reconstruct highway; realign curves; widen shoulders; guardrail; left-turn refuge at Clover Creek Road, guardrail and culverts.	ODOT	Bridge		\$485,000.00	\$78,000.00	\$5,230,000.00
97-2		US97: Modoc Point - Algoma	This section of highway has narrow, substandard shoulder widths, substandard cut and fills slopes and unprotected hazards exist within the clear zone. The existing guardrail and guardrail end terminals need upgrades to current standards; the existing concrete barrier does not meet current road standards.	ODOT	Modernization		\$591,603.61	\$50,000.00	\$5,916,036.11
97-3		US97 @ Major Truck Stop	Left Turn Lane - half mile	ODOT	Operations		\$28,000.00		\$700,000.00
97-4		US 97: Klamath Falls Port of Entry (Klamath Falls)	{MP 271.25-MP 270} Close South Wocus Road, reconnect S. Wocus Road north to the continuous left-turn refuge on US 97, reconstruct northbound on-ramp at Klamath Falls Port of Entry. Reconstruct N. Wocus Road to 90 degree with US 97 road realignment. South Wocus Rd - Shady Pine: widen shoulders to 8 feet, add guardrail.	ODOT	Modernization		\$0.00	\$0.00	\$3,500,000.00
97-5		US97: {MP 230 - MP 232} Spring Creek Passing Lane	Construct 1-mile passing lane; widen shoulders.	ODOT	Modernization		\$0.00	\$0.00	\$6,000,000.00
39-5		OR 39: OC&E Railroad Overcrossing Bridge #02147 (Dairy)	Replace Bridge	ODOT	Bridge		\$0.00	\$0.00	\$2,492,000.00
97-10		Chemult Train Station Welcome Center	Enhancement Project	ODOT/County	Enhancement				\$310,000.00
140-3		Left-Turn Refuge at Fish Lake Road plus Passing Lanes	Construct left-turn refuge and realign Fish Lake Road. {Milepost 31 - Milepost 33} Construct one mile passing lane, widen shoulders and install standard guardrails. ODOT						
140-10		Grizzly Road – Four-mile Flat Road (Lake-of-the-Woods)	{Milepost 43.5 - Milepost 47} Construct 1-mile passing lane. Widen shoulders to 8 feet and flatten slopes. ODOT						\$7,708,000
140-1		Klamath County Boat Marina-Lakeshore Drive:	Milepost 57.0 - Milepost 62.3} Widen shoulders to 8 feet; install guardrail; minor realignment to include flatten curves and remove wide-load detour to the north. ODOT						
97-7		US 97: Hackett Dr. - Gilchrist (formerly La Pine - Crescent)	{MP 181-MP 183} Construct 1-mile Passing Lanes; widen shoulders.	ODOT	Modernization		\$171,591.00	\$0.00	\$1,715,914.00
<b>Not Costed/Unfunded Projects in the TSP:</b>									
140-2		Southside Expressway Extension	New alignment from the junction at Highway 39/Highway 424 to Hwy 140 at MP 9.8. Construct approximately 4 miles of new highway; reconstruct 1 mile of Reeder Road; construct a new bridge over USRS Lost River Canal; reconstruct one bridge over USRS B Canal; add new guardrail and complete signage. ODOT, County, Other						\$12,000,000

TSP Number	Project	Brief Project Description	Project Source	Category1	Category2	PE Estimate	ROW Estimate	Total Estimate
39-3	OR 39: Merrill Passing Lanes	{MP 6.6-MP 8.6} Construct passing lanes; widen shoulders.	ODOT					\$5,950,000
62-1	OR 62: Loosely Road left turn refuge	Construct left-turn refuge; widen shoulders.	ODOT					\$450,000
62-2	OR 62: Junction Chiloquin Hwy 422 Left turn refuge	Construct left-turn refuge; widen shoulders.	ODOT					\$450,000
97-1	US 97: Worden Passing Lane/Keno-Worden Road Left-turn Refuge	{Milepost 289.5 - Milepost 291.5} Construct a one-mile passing lane; widen shoulders. {Milepost 289.25} Construct a northbound left-turn refuge; widen shoulders. ODOT/County						
97-8	Kla-Mo-Ya Casino Interchange	Construct free-flowing interchange	ODOT/Tribe					\$15,000,000
97-9	Bear Flat Road Left-Turn Refuge	Left turn lane - half mile length	ODOT					\$800,000
140-12	Beatty Curves/Realignment and Shoulder Widening	{MP 41-MP 45} Flatten curves, realign highway, widen shoulders, reduce the number of trees on the south side of the roadway to improve sight distance. ODOT						
140-13	Left-turn refuge at Varney Creek Road	Construct left-turn refuge and realign Varney Creek Road.	ODOT					\$450,000
140-11	Olene-Swan Lake Road	{MP 8.0-MP 15.0} Widen shoulders, guardrail, flatten and realign curves, right lane deceleration lane at S. Poe Valley Road; right deceleration lane at N. Poe Valley Road. ODOT						
66-3	Keno-Worden Left-turn Refuge	Construct new left-turn refuge, widen shoulders.	ODOT/County					\$450,000
58-3	Left-turn refuge at Mowich	Construct new left-turn refuge, widen shoulders.	ODOT					\$450,000
58-2	OR 58: Diamond Peaks Development	Widen roadway; provide left-turn opportunity	ODOT					\$450,000
58-1	OR 58: Replace narrow, old Railroad bridge	Replace bridge (Mike Stinson will get details)	ODOT			\$485,000.00	\$78,000.00	\$5,230,000.00
97-6	Interchange Junction Hwy US 97 & Hwy OR 58:	Realign U.S. Highway 97 south to Highway 58 West off-ramp; improve safety conditions. ODOT						?
97-11	Reconstruct North Shady Pine	Reconstruct North Shady Pine to 90 degrees with Highway 97 road alignment						\$500,000
NE-1	Connection from Foothills to Shady Pine	New connection from Foothills Blvd to Old Fort Road to OIT/Sky Lakes to Shady Pine						\$12.0-\$20.0M
<b>Pedestrian Related Projects:</b>								
1	Crescent-Gilchrist Sidewalks (U.S. Highway 97):	Install ADA crossing; construct new sidewalk in the curb area; re-locate sidewalk obstructions; and re-construct the sidewalk/curbs as necessary.						\$670,000
2	Merrill Sidewalks (Oregon Highway 39)	Install ADA crossings; construct new sidewalks in current gutter sections; re-locate sidewalk obstructions; replace curb as necessary; and reconstruct sidewalk as necessary to improve access management.						\$1,340,000
3	Beatty community (Oregon Highway 140):	Widen shoulder to 8 feet within the Community on both sides of Hwy 140; re-locate sidewalk obstructions; install new sidewalks and curb ramps.						\$710,000
4	City of Bonanza (Oregon Highway 70):	Widen shoulders on both sides of highway to 8 feet for improved pedestrian circulation; relocate sidewalk obstructions; install new sidewalks and curb ramps.						\$710,000
5	Community of Fort Klamath (Oregon Highway 62):	Relocate sidewalk obstructions; install new sidewalks and curb ramps; construct sidewalks in curb areas and provide ADA crossings.						\$460,000
6	City of Chiloquin (Oregon Highway 422):	Relocate sidewalk obstructions; install new sidewalks and curb ramps; replace curbs and storm system from railroad tracks to Tribal Center.						\$450,000
7	Keno							