

TECHNICAL MEMORANDUM

DATE: January 30, 2024
TO: Dana Nichols, City of Bandon
FROM: Emily Mannisto-Meyers, Ryan Farncomb, Parametrix
SUBJECT: UPDATED Task 5.1 Funding Forecast
CC: Tom Guevarra, ODOT
PROJECT NAME: Bandon TSP Update

INTRODUCTION

This memorandum provides an overview of revenue sources and funding and finance mechanisms for the City of Bandon that could be used to fund future projects identified in the Transportation System Plan (TSP). The memorandum outlines existing revenue and funding sources, levels of funding, and provides an estimate of future transportation revenues. An overview of other funding sources, eligibility, and available funds are presented to identify potential sources of funding that the City could pursue for transportation investments.

EXISTING FUNDING SOURCE OVERVIEW

Local Transportation Funding Sources

The City of Bandon relies primarily on local and state funding to operate, maintain, and improve the transportation system. Funds for operation, maintenance, and improvement of the City's streets, sidewalks, and storm drainage systems are provided from a number of sources, including the City's share of the State gas taxes which are deposited into the State Tax Street Fund, and capital projects funding from the Street and Storm Drainage SDC funds, and Local Option Street Tax Fund. The City's General Fund covers some costs associated with the Street Department. Most major capital improvement projects are funded from the Local Option Street Tax Fund, Capital Improvement Fund and the Street SDC Fund.

System Development Charges (SDCs): In 2022, voters approved a charter amendment restoring the City Council's authority to set SDCs. SDCs serve as the primary funding source for a large number of capital improvement and system expansion projects, however, these funds are limited to projects that increase infrastructure capacity and cannot be used for maintenance. The City's current fee is \$1,742 per single family dwelling.

Local Option Street Tax Fund: This fund is the largest resource for the maintenance, repair and construction of street, drainage, and pedestrian facilities. Local option street tax provides revenue in the amount of \$0.8455 per \$1,000 assessed valuation. This tax was initially approved by the voters in 2001, 2011, and was extended by the voters for an additional 10 years in 2021. This is the maximum length a local option capital tax is allowed by State statutes. As a capital tax, however, it can only be used for capital improvement projects and not for operational expenses. This fund has approximately \$2.1 million as of December 2023 and is forecast to grow by approximately \$470,000 per year.

General Fund: The General Fund is the main operating accounts for the City of Bandon. Many of the usual activities associated with the City are paid for using general fund revenues, including Police and Planning

activities. Historically, a small portion of General Fund revenues have been used to fund transportation projects within the City. Revenues in this category are available for use however the Mayor and City Council deem lawful and appropriate. The general fund has three main sources of revenue:

- Transient Occupancy Tax
- Property Tax
- Utility taxes, franchise fees, and payments in lieu of taxes from city utilities

State Tax Street Fund: The City's share of the State gas taxes is deposited into the State Tax Street Fund. State gas tax revenues must go to streets and roads. This fund covers costs associated with personnel, maintenance, and equipment needs. A contingency is maintained as part of the overall Street Fund to support unexpected or new needs or to serve as grant-matching funds. Revenues through this fund have increased slightly, though construction and labor costs have risen faster than revenues.

State Revenue Sharing Fund: State Revenue Sharing money comes from the State of Oregon and is annually distributed to municipalities. The total State Revenue Sharing Fund budget includes funding for grant payments to other organizations, improvements to the City Park, and funds available for other programming. Coos County Area Transit Dial-A-Ride is budgeted to receive \$3,500 through this fund.

Transient Occupancy Tax (TOT): A transient lodging tax is charged for people staying in hotels, motels, and other short-term rentals. A base lodging tax of 6% was implemented in Bandon prior to current state requirements. Of that 6% tax, 20% of revenues can be used for tourism promotion and tourism-related facilities, while 80% goes to the general fund. Under the new enhanced services tax of 3.5%, 70 percent of revenues fund programs boosting tourism, while the remaining 30 percent can be used for funding City services, including transportation improvements. This TOT increase approved by voters will provide significant assistance in the creation of tourism-related facilities, and can be used to fund transportation projects in the City.

Urban Renewal Funding

The City of Bandon has two Urban Renewal Areas (URA). Area 1 was established in 1987 and encompasses Old Town, the Woolen Mill area and the South Jetty. Area 2 was established in 1990 and encompasses City Park, the surrounding residential neighborhoods, and 11th Street. This funding is used for materials and services, as well as capital projects within the URAs, including the South Jetty Trail project. While this funding source is not included in the funding forecast section below, potential TSP projects within the two URAs may be eligible to use funding from this source.

- Urban Renewal District 1 Revenue in the 2023-2024 Adopted Budget: \$922,200
- Urban Renewal District 2 Revenue in the 2023-2024 Adopted Budget: \$978,016

Local Improvement Districts

A Local Improvement District (LID) is a tool that can be used by a group of property owners to share in the cost of transportation improvements. The eligible category of public improvements is broad, and includes most major types of construction. Typical use of an LID is to install sanitary sewers, storm drainage, water lines, streets, and sidewalks. The City presently has a small existing LID.

Parks and Trails Funding

Bandon's Parks Master Plan includes improvements to the City's Parks and Trail System, including an extensive walking trail system. The most significant current funding source for parks and recreation facilities construction in Bandon is Urban Renewal. The Plans for Urban Renewal Areas within the City include a list of priority projects for future City Park improvements, South Jetty Park improvements, developing small parks within the Urban Renewal

areas, and constructing walking trails along the ocean bluff and Beach Loop Drive. Economic development projects within these Urban Renewal Districts could take priority over parks and recreation projects.

Capital improvement funding has been provided primarily from the Parks and Recreation Development Fund, which receives revenue from a 6% fee assessed against some subdivisions in lieu of dedicating open space/park land within the development. One of the major concerns expressed by the Parks and Recreation Commission is not only finding funds for constructing and improving recreational facilities such as parks and walking trails, but how to finance ongoing operation and maintenance of existing and proposed facilities.

Parks maintenance is funded through the General Fund, where it must compete for the same dollars as Police, Fire, Planning and other mandated City activities.

- Parks and Recreation Development Revenue in the 2023-2024 Adopted Budget: \$54,440

Transit Funding

The Block Grant Fund budget includes funding for materials and services, façade loans, and loans to small businesses. Bandon anticipates building the principal balance of this fund in future years. The Trolley Fund is included within the Block Grant Fund expenditures, but this fund has not been designated to receive funding in the years 2020-2024. \$14,303 was allocated to the trolley fund in the 2019-2020.

REVENUES AND EXPENDITURES

Table 1 outlines transportation revenue from various sources from fiscal years 2021 to 2024, as reported in the [FY 2023-2024 Adopted Budget](#). Future funding was forecast using this information as a starting point.

Funds for operation, maintenance, and improvement of the City’s streets, sidewalks, and storm drainage systems and are provided from a number of sources, indicated below. The total proposed budget for Streets and Drainage is \$4,690,132 which is \$881,567 or 23.15% more than last fiscal year.

Table 1. Bandon General Transportation Revenues (2019 to 2024)

		2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Budget	2023-2024 Adopted
General Fund*	Transient Occupancy Tax	\$704,645	\$740,913	\$1,046,723	\$800,000	\$738,948
Special Revenue	State Tax Street Fund	\$401,679	\$424,664	\$510,585	\$461,875	\$516,110
Capital Projects	Street SDC – Reimbursement	\$221,914	\$252,612	\$286,335	\$276,041	\$328,293
Capital Projects	Street SDC – Improvement	\$444,989	\$499,182	\$562,813	\$559,216	\$638,100
Capital Projects	Local Option Street Tax	1,720,947	1,836,486	\$2,182,675	\$2,135,802	\$2,680,427
Capital Projects	Storm Drain SDC – Reimbursement	193,804	208,406	\$284,446	\$138,839	\$215,477
Capital Projects	Storm Drain SDC – Improvement	\$257,621	\$151,074	\$172,709	\$181,913	\$255,601
Capital Projects	Local Improvement District	\$53,935	\$54,338	\$54,634	\$54,879	\$56,124
	TOTAL*	3,999,534	4,167,675	5,100,920	4,608,565	5,429,080

* Note – The General Fund is the main operating account for the City of Bandon. A small portion of General Fund revenues are available to fund transportation projects within the City.

Table 2. Bandon General Transportation Expenditures (2019 to 2024)

		2019-2020 Actual	2020-2021 Actual	2021-2022 Actual	2022-2023 Budget	2023-2024 Adopted
General Fund	Street Department	\$101,882	\$131,315	\$168,447	\$280,500	\$477,876
Special Revenue	State Tax Street Fund	\$401,679	\$424,664	\$274,288	\$461,875	\$516,110
Capital Projects	Street SDC – Improvement	\$444,989	\$499,181	\$2,003	\$559,216	\$638,100
Capital Projects	Local Option Street Tax	391,067	123,615	\$467,100	\$2,135,802	\$2,680,427
Capital Projects	Storm Drain SDC – Reimbursement	193,807	208,407	\$158,832	\$138,839	\$215,477
Capital Projects	Storm Drain SDC – Improvement	257,621	151,073	\$975	\$181,913	\$255,601
Capital Projects	Local Improvement Districts	\$53,934	\$54,339	\$0	\$54,879	\$56,124
TOTAL*		\$1,844,979	\$1,592,594	\$1,071,645	\$3,813,024	\$4,839,715

*This represents total historical expenditures on transportation in Bandon, most of which are assumed to be used for maintenance and operations. It does not necessarily represent funds available for capital improvement projects.

SDC = system development charge

FUTURE REVENUE FORECAST

To generate a baseline estimate of funding potentially available over the 20-year lifespan of the TSP, the project team assumes:

- Inflation-adjusted revenues will not change substantially over the 20-year lifespan of the TSP.
- Street Department dollars for street/sidewalk maintenance and contingency through the General Fund are discretionary. The project team conservatively assumes that no funds will be available for capital improvements from the General Fund.
- Improvements on U.S. 101 could likely be implemented in partnership with ODOT and not directly funded by the City.
- Approximately 40 housing units per year (based on future population estimates and city staff’s recent experience with development) will be constructed per year, resulting in approximately \$70,000 per year in SDC revenue.
- Approximately 15% of the Transient Occupancy Tax is devoted to transportation capital improvements each year, or \$110,000 per year.

The City is conservatively estimated to have a baseline funding of \$180,000 available annually for transportation capital projects, for a total of \$3.6M (in 2023 dollars) available over the 20-year life of the TSP. Additional funding measures are explored below to augment the City’s transportation budget.

FUNDING AND FINANCE OPTIONS

A variety of established funding sources from federal, state, and local sources are available to fund future transportation projects in the City of Bandon. Table 4 provides an overview of potential grants, funding dollar amount, eligibility, and other considerations.

Grants

Table 3. Potential Grants for TSP Projects

Source	Funding \$ Available	Description	Eligibility and Considerations
Building Resilient Infrastructure and Communities (BRIC) Hazard Mitigation Assistance Grant <i>Administrated by FEMA</i>	\$3B available in the FY22 cycle, individual grant levels TBD. 25% match required.	FEMA's hazard mitigation assistance provides funding for eligible mitigation measures that reduce disaster losses. The BRIC grant supports projects that address future risks from natural disasters, including ones involving wildfires, drought, hurricanes, earthquakes, extreme heat, and flooding. Funds support mitigation activities with a focus on infrastructure projects benefitting disadvantaged communities, climate resilience and adaption, and adopting hazard resistant building codes.	Projects may be eligible if they also serve a disaster mitigation purpose, such as tsunami evacuation. Because of Bandon's location in an inundation zone and the consideration of incorporating evacuation routes into the City's transportation plans, several TSP projects may likely be eligible for funding through this program.
Statewide Transportation Improvement Program (STIP) <i>Administrated by ODOT</i>	Approximately \$2 billion available statewide for the 2024-2027 STIP. Match requirements vary.	The STIP is the major statewide program for funding significant projects, usually of regional importance. The STIP programs both state and federal dollars.	Major projects on U.S. 101 are most likely eligible for funding, though the STIP process is extremely competitive. Projects included in the STIP are generally regionally significant and are prioritized by ODOT, metropolitan planning organizations, and area commissions on transportation.
Recreational Trails Program <i>Administrated by OPRD</i>	Approximately \$1.6M allocated each year. Minimum grant request: \$10,000. Recommended grant request maximum: \$150,000 for non-motorized proposals. Applicants must commit to at least 20% match. Match can include volunteer labor or other donations.	Funds to develop, improve, or expand motorized and non-motorized trails and their facilities. RTP funding is intended for recreational trail projects and can be used for construction of new trails, major rehabilitation of existing trails, development or improvement of trailhead or other support facilities, acquisition of land or easements for the purpose of trail development, and safety and education projects.	This funding source is very competitive, and funding is generally based on the needs identified in the Oregon Statewide Trails Plan.
Oregon Community Paths <i>Administrated by ODOT</i>	Project Refinement funding: \$150,000 to \$750,000 per project. Construction funding: \$500,000 to \$6,000,000 per project. 10% to 30% depending on funding source (federal or state)	Supports multiuse path projects; including paths that pass through a park, along a greenway, to connect community centers, services, housing, employment, schools, and recreation. Types of community path projects: 1) Critical Links – walking and biking connections to schools, downtowns, shopping,	OCP projects must serve a transportation purpose (not recreational). TSP is likely to include projects that fall under the "Critical Links" project type.

Source	Funding \$ Available	Description	Eligibility and Considerations
		employment, and other essential destinations 2) Regional Paths - connecting communities no more than 15 miles apart, or traverses one community with a path 10 miles long or greater	
Local Government Grant Program (LGGP) <i>Administrated by OPRD</i>	Small Community Planning Grants: Maximum of \$40,000 Small Grant Request: Maximum \$75,000 Large Grant Requests: Maximum \$750,000 Land acquisition projects: \$1,000,000 20-50% match required, based on city, district, or county population.	Awards grant funds for outdoor park and recreation areas and facilities, acquisition of property for park purposes, bicycle and pedestrian recreation and transportation trails, bicycle recreation opportunities, and non-motorized water-based recreation.	Eligible projects involve land acquisition, development, major rehabilitation projects, and planning and feasibility studies. Past projects funded include non-motorized trails, land acquisition that provides beach and estuary access, and site-specific master planning efforts.
Small City Allotment (SCA) Grants <i>Administrated by ODOT</i>	\$5M is allocated each year. Maximum award of \$250,000 per selected project. No match required.	Many types of projects, with preference given to those projects that remedy safety or capacity issues. Grants available only to cities under 5,000 people. Eligible projects must be on city streets that are not part of a county road or the state highway system.	SCA funds can only be used on streets that are “inadequate for the capacity they serve or are in a condition detrimental to safety” (ORS 366.805). Some agencies use SCA funds as a local match for larger projects that also meet the intent of SCA. Bandon received a SCA grant in 2020 and is likely to be eligible for SCA funds in the future given the population thresholds of the program.
Safe Routes to School (SRTS) <i>Administrated by ODOT</i>	\$60,000 to \$2,000,000 New funding program guidance is under development by ODOT. 20% to 40% match required.	Projects that improve, educate, ore encourage children safely walking or biking to school. Projects within a one-mile radius of a school, within a local roadway, and in a jurisdictional plan. Projects in smaller communities, for elementary and middle schools, and that can demonstrate substantial need are likely to fare best.	Because the Bandon TSP is likely to include projects that would have a direct impact on cycling and walking to school, SRTS is likely a promising source of funding for projects.
Sidewalk Improvement Program (SWIP) <i>Administrated by ODOT</i>	\$7.4 million annually for federal fiscal years 2022 to 2024. No match is required. State Pedestrian and Bicycle funds can be used as a match for federal dollars.	Allocates funds to improve walking and biking infrastructure (e.g., crossings, sidewalks, bike facilities) on or along state highways. Provides grants on a rotating regional basis to construct larger pedestrian and bicycle projects (or bundles of systemic improvements) needed to address priority needs identified in the Oregon Bicycle and Pedestrian Plan (OBPP) and Active	Eligible for improvements on or along state highways. ATNI web map shows high prioritization scores along U.S. 101 through Bandon

Source	Funding \$ Available	Description	Eligibility and Considerations
		Transportation Needs Inventory (ATNI).	
Statewide Transportation Improvement Fund (STIF) <i>Administrated by ODOT</i>	Funding amount varies. There is no match for STIF formula, STIF Discretionary match is generally 20%. STIF formula funds may be used as the local match for state and federal funds which also provide Public Transportation. STIF discretionary funding is used for new or pilot projects and for capital purchases.	STIF formula funds may be used for public transportation purposes that support the effective planning, deployment, operation, and administration of public transportation programs. The STIF Discretionary fund supports a wide variety of project types but cannot be used to fund ongoing operations. The Intercommunity Discretionary fund supports maintaining, expanding, and improving public transportation services between two or more communities. The Oregon Transportation Commission finalizes award decisions using criteria derived from statute and the Oregon Public Transportation Plan.	STIF formula funding is awarded through the Qualified Entity (QE) which is a County or Transit District, based on population and taxes paid within their geographic area. STIF Discretionary and Intercommunity Discretionary funds are awarded to Public Transportation Service Providers to improve public transportation through a competitive grant process. Though Bandon is not qualified to seek funds directly, the City could work with regional transit providers on an application for improvements to transit service in Bandon.
Travel Oregon Competitive Grants Program <i>Administrated by Travel Oregon</i>	Over \$3 million is available for funding 2023-2025.	This program awards eligible applicants for projects that contribute to the development and improvement of local economies and communities throughout Oregon by means of the enhancement, expansion and promotion of the visitor industry.	Bandon’s standing as a coastal tourism town would likely result in project eligibility in areas with popular tourist destinations.

ODOT = Oregon Department of Transportation

OPRD = Oregon Parks and Recreation Department

FEMA = Federal Emergency Management Agency

Note: Inclusion of an improvement in this TSP does not represent a commitment by ODOT to fund, allow, or construct the Project. Projects on the State of Oregon Transportation System that are contained in the TSP are not considered “planned” projects until they are programmed into the Statewide Transportation Improvement Program (STIP). As such, Projects proposed in the TSP that are located on a State system cannot be considered as mitigation for future development or land use actions until they are programmed into an adopted STIP or ODOT provides a letter indicating that the Project is “reasonably likely” to be funded in the STIP. State Highway Projects that are programmed to be constructed may have to be altered or canceled at a later time to meet changing budgets or unanticipated conditions such as environmental constraints.

Local Funding Sources

Table 4. Potential Local Funding Sources for TSP Projects

Source	Funding \$ Available	Description	Considerations
Existing Sources			
Utility Fees	\$637,141 for FY 2023-2024	Utility taxes, franchise fees, and payments in lieu of taxes from city utilities in Bandon are one of the three	Utility fees typically fund projects related to that utility, such as stormwater, but these fees can help defray the costs of

Source	Funding \$ Available	Description	Considerations
		main sources of revenue for the City's General Fund.	transportation investments. For example, a road reconstruction project often is an opportunity to upgrade/update the utilities, and utility fees can contribute toward the cost of the transportation project.
General Fund		The general fund has three main sources of revenue: <ul style="list-style-type: none"> • Transient Occupancy Tax • Property Tax • Utility taxes, franchise fees, and payments in lieu of taxes from city utilities 	A greater percentage of revenue from the General Fund could be used to fund transportation projects in Bandon.
Property Taxes	Bandon's total FY 2022-23 property tax rate was \$2.10 per \$1,000 assessed valuation, providing \$235,100 in revenue for FY 2023-2034	Property Tax revenue in Bandon is one of the three main sources of revenue for the City's General Fund. Property taxes include: <ul style="list-style-type: none"> • Permanent property tax rate: \$0.46 per \$1,000 assessed valuation. • Local Option Street Levy: \$0.85 per \$1,000 assessed valuation • General Obligation bond repayment: \$0.79 per \$1,000 assessed valuation 	Bandon's Permanent Tax Rate at \$0.46 per thousand dollars of value, is the lowest in the State of Oregon among communities with over 750 people. Property taxes are a potential source of additional revenue.
General Obligation (GO) Bonds	GO bonds can be issued for a wide variety of purposes within the bonding capacity of the City. In 2019, voters passed a GO Bond Measure which was authorized by the Council in 2021 in the amount of \$5,500,000.	General obligation bonds can help finance construction of capital improvement projects by borrowing money and paying it back over time in smaller installments. Bonds are typically backed by new revenue, such as an additional property tax levy. Usually, a specific package of improvements is identified, and a levy is put to a local vote, then the revenue stream is bonded.	The City has previously passed GO Bonds; the 2019 GO Bond primarily funded Water Treatment and Capital Improvement projects.
Transient Occupancy Tax	\$738,948 for FY 2023-2024 The Transient Occupancy Tax in Bandon is one of the three main sources of revenue for the City's General Fund.	A transient lodging tax is charged for people staying in hotels, motels, and other short-term rentals. Of the base lodging tax of 6%, 20% of revenues can be used for tourism promotion and tourism-related facilities, while 80% goes to the general fund. Under the new enhanced services tax of 3.5%, 70 percent of revenues fund programs boosting tourism, while the remaining 30 percent can be used for funding City services, including transportation improvements.	Transient Occupancy Tax (TOT) revenue is steady, and revenues should increase with the recent applications to expand and improve motel and hotel lodging in the City. The TOT increase approved by voters will provide significant assistance in the creation of tourism-related facilities, and will give some help to the general fund. In Bandon, actual revenues have exceeded the budget, and may be able to provide significant funding.

Source	Funding \$ Available	Description	Considerations
Tax Increment Financing/Urban Renewal Area (URA)	\$1,900,216 approved budget for FY 2023-2024	URAs can provide a strategy for funding transportation (and other public improvements) within a defined URA boundary. URAs facilitate “tax increment financing;” in short, property tax receipts are frozen at URA inception and property tax revenue is then distributed via two streams – the frozen base revenue is distributed normally to taxing districts, while the “increment” of increased revenue due to increased property values in the URA is set aside for improvements. As property values increase, the additional tax revenue collected above the frozen base is used for improvement projects in the URA. This revenue stream can be bonded to fund more substantial projects early on.	The City of Bandon has two Urban Renewal Areas. Area 1 was established in 1987 and encompasses Old Town, the Woolen Mill area and the South Jetty. Area 2 was established in 1990 and encompasses City Park, the surrounding residential neighborhoods, and 11th Street.
System Development Charges (SDC)	Funding is based on the amount of development occurring in the City	These are one-time fees assessed on new use or on an increase in use of a property. For example, SDCs may be collected when someone develops a vacant property into a residence. SDCs, per state law, must be spent only on projects that increase capacity of the system; maintenance or preservation projects generally are not eligible for SDC use.	The City already levies SDCs on new development. Transportation SDCs are generally used by city governments to fund capital improvements from their TSPs and/or capital improvement programs. SDC revenues from new development and construction are projected to increase slightly given the small uptick in these activities.
Partnerships	Varies based on location	Bandon can leverage partnerships with ODOT and other public partners to fund projects that overlap with publicly owned facilities. Bandon can also explore public-private partnerships with developers to encourage or mandate the funding of transportation projects adjacent to new development.	U.S. 101 is owned by ODOT. The TSP will include improvements on U.S. 101 that may be eligible for ODOT funding. Several new developments are planned in Bandon; the City may consider collaborating with developers to fund improvements.
Local Improvement Districts (LID)	LIDs vary substantially in funding amounts Funding available can include any amount the LID agrees to for capital improvements.	A Local Improvement District is a method by which a group of property owners can share the cost of infrastructure improvements, most commonly for transportation and stormwater projects. Financing is offered for up to 20 years, with the first payment not due until after the project is complete.	Bandon already has a LID in place, though revenues are from miscellaneous interest income and expenditures are listed as contingencies and reserves. The City could identify specific infrastructure improvement projects to create LIDs for, with clearer funding sources.
Possible New Sources			
Local fuel tax	Of those cities that currently assess local gas taxes, most smaller cities	Dozens of Oregon communities levy local gas taxes, the revenues from	A local gas tax can be enacted through legislative action by the

Source	Funding \$ Available	Description	Considerations
	charge between \$0.01 and \$0.03 per gallon. It is difficult to estimate the potential revenue generated by a local gas tax without knowing annual gasoline sales.	which are entirely available for use locally.	city council or by putting the tax to a public vote. An advantage of gas taxes is that locals, tourists, and people driving through on U.S. 101 who purchase gas would contribute to funding Bandon's transportation system.
Transportation Maintenance Fee (also known as a transportation utility fee, street user fee, or road user fee)		Based on use of the transportation system; collected from residences and businesses. These fees are typically assessed monthly to residents, businesses, and other non-residential uses. Fees vary significantly from city to city. Some cities charge a flat fee regardless of the type of use. Other cities have different fees for residences versus other uses.	The City currently does not levy a transportation maintenance or utility fee; however, many Oregon jurisdictions levy such a fee to pay for maintenance and operations of city streets. Bandon may consider charging such a fee to fund a greater share of maintenance costs, thereby freeing resources for capital projects. Fees could be collected to help with transportation maintenance costs.
Leverage Utility Projects	N/A	There are opportunities to coordinate utility maintenance and replacement projects with street projects, including overlays and sidewalk construction. For example, combining a sewer main replacement with a desired overlay and sidewalk project would save the City money on construction costs.	

FUNDING RECOMMENDATIONS

Considering the identified existing and future transportation deficiencies within Bandon, the City should seek out external funds from county, state, or federal sources in order to substantially invest in transportation system improvements.

- **Grants:** The City could generate new sources of local transportation revenue and/or securing grants to close the funding gap.
 - The City's population will continue to be within the qualifying population threshold for Small City Allotment (SCA) grants, such that the City would be eligible to receive up to \$250,000 every other year.
 - The City should pursue other funding grants such as Safe Routes to School, Oregon Community Paths, BRIC Hazard Mitigation Assistance Grants, and Travel Oregon Grants, as projects in the TSP will likely be eligible for these programs.
- **SDCs:** In 2022, voters approved a charter amendment restoring the City Council's authority to set SDCs. SDC revenues from new development and construction are projected to increase slightly given the small uptick in these activities. The City could generate additional funding over the life of the TSP through raising SDC rates.
- **Local Gas Tax:** Bandon does not currently levy a local gas tax. It is difficult to estimate the potential revenue generated by a local gas tax without knowing annual gasoline sales, but based on similar Oregon

communities' experiences, a \$0.02 local gas tax could generate tens of thousands of dollars per year. A local gas tax can be enacted through legislative action by the city council or by putting the tax to a public vote.

- **Transient Occupancy Tax:** Consider increasing transient occupancy tax. Bandon continues to experience strong growth in residential construction. Transient Occupancy Tax has risen over the last couple of years, and revenues should increase in the coming years. with the recent applications to expand and improve motel and hotel lodging in the City.
- **Tax Rates:** According to Bandon's Annual Budget, the City's Permanent Tax Rate at \$0.46 per thousand dollars of value, is the lowest in the State of Oregon among communities with over 750 people. Without rate setting authority the City cannot avail itself of traditional funding sources like revenue bonds. Bandon could consider raising the tax rate to raise additional funding for capital improvements.