



**Testimony by City of Wilsonville Mayor Tim Knapp
Supporting Amendments to the STIF:**

***Provide Budget Flexibility to Transit Agencies for Funds Awarded under the
Statewide Transit Improvement Fund (STIF) Due to COVID-19 Pandemic***

Scheduled for informational meeting with invited testimony on June 8, 2020,
before the Joint Committee on Transportation

Co-Chairs Beyer and McKeown and Members of the Committee:

On behalf of the City of Wilsonville, I am testifying in support of amendments that would provide budget flexibility to transit agencies for funds awarded under the Statewide Transit Improvement Fund (STIF) due impacts of the COVID-19 pandemic.

At present, STIF formula revenues generated by a statewide payroll tax can only be used to add/enhance transit services, capital projects excepted. We seek a temporary change to the statute, allowing for flexibility in how agencies spend these funds. The ultimate goal is to keep existing services on the street and to add service throughout the Governor's phased-in approach to reopening the state. Just maintaining current service-levels is challenging.

The City of Wilsonville, operator of South Metro Area Regional Transit (SMART), together with other transit agencies under the aegis of the Oregon Transit Association (OTA) seek legislative action to provide transit agencies with flexibility in the use of formula revenues under the Statewide Transit Improvement Fund (STIF) administered by the Oregon Department of Transportation (ODOT).

The COVID-19 emergency crisis has resulted in a dramatic decrease in payroll taxes and fare-box revenues and staffing shortages that are having substantial financial and operational impacts. Transit agencies are now reducing transit services and scaling-back/suspending expansion plans and are unable to increase service or add new capacity.

For additional information, see the attached legislative issue paper, "Provide Flexibility to Transit Agencies for Funds Awarded under the Statewide Transit Improvement Fund (STIF)" and the OTA letter to Joint Special Committee on Coronavirus Response.

Sincerely,

A handwritten signature in blue ink that reads "Tim Knapp".

Tim Knapp, Mayor
City of Wilsonville

Contact: • **Mark Ottenad**, Public/Government Affairs Director 503-570-1505; ottenad@ci.wilsonville.or.us • **Greg Leo**, Public Affairs Consultant 503-804-6391; greg@theleocompany.com
• **Dwight Brashear**, SMART Transit Director 503-570-1576; brashear@ridesmart.com

Provide Flexibility to Transit Agencies for Funds Awarded under the Statewide Transit Improvement Fund (STIF) Due to COVID-19 Emergency

Request for Legislative Action

The City of Wilsonville, operator of South Metro Area Regional Transit (SMART), together with other transit agencies under the aegis of the Oregon Transit Association (OTA), seek legislative action to provide transit agencies with flexibility in the use of formula revenues under the Statewide Transit Improvement Fund (STIF) by the Oregon Department of Transportation (ODOT).

Specifically, Wilsonville/SMART requests that the Oregon Legislative Assembly consider amending ORS 184.751-184.766 (implemented via OAR 732.040.0010 *et seq.*) to remove requirements for formula revenues under the STIF program that called for expansion or increases in capacity of public-transit services in favor of maintaining current service.

The COVID-19 emergency crisis has resulted in a dramatic decrease in payroll taxes and fare-box revenues and staffing shortages that are having substantial financial and operational impacts. Transit agencies are now reducing transit services and scaling-back/suspending expansion plans and are unable to increase service or add new capacity.

Current statutes and rules that require STIF funds to be dedicated “to finance investments and improvements in public transportation services” based upon public transportation improvement plans developed by every qualified entity should be amended to allow short-term flexibility for transit agencies to use these funds to maintain current services.

Background on STIF

Created by the Oregon legislature in 2017 under HB 2017 codified as ORS 184.751-184.766, the STIF is funded by a statewide employee-paid payroll tax designed to improve public-transit service statewide.

OAR 732-040-0010 provides for the Purpose and Use of STIF:

- (2) STIF moneys may be used for public transportation purposes that support the effective planning, deployment, operation, and administration STIF-funded public transportation programs, including, but not limited to:
 - (a) Creation of new systems and services with origins, destinations or stops in Oregon;
 - (b) Maintenance or continuation of systems and services; and
 - (c) Planning for and development of a Local Plan or future STIF Plan to improve Public Transportation Service.

Essentially, Oregon transit agencies need relief from STIF formula revenues that by rule are only for the “Creation of new systems and services with origins” or planning to “improve Public Transportation Service.” At this time, transit agencies need flexibility to meet COVID-19 emergency financial and

Provide Flexibility to Transit Agencies for Funds Awarded under the Statewide Transit Improvement Fund (STIF) Due to COVID-19 Emergency, continued from prior page

operational challenges to maintain current services, and not spend time or resources now on planning to expand public-transit services.

Online Resources

Oregon Secretary of State: Department of Transportation, Public Transit Division – Chapter 732:
<https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=4643>

Oregon Department of Transportation, Public Transit Division - Statewide Transportation Improvement Fund: <https://www.oregon.gov/ODOT/RPTD/Pages/STIF.aspx>



March 24, 2020

The Hon. Arnie Roblan and Hon. Paul Holvey
Joint Special Committee on Coronavirus Response
Oregon State Legislature
Salem, OR 97310

Dear Co-Chairs Roblan and Holvey, and Committee members:

Thank you for your swift and diligent efforts to assist Oregonians during this very challenging time of the coronavirus pandemic.

On behalf of the Oregon Transit Association and its public transportation providers, we wish to provide you with information on the significant burdens that our member agencies are now experiencing as they struggle to continue providing essential transportation services such as paratransit services for individuals with disabilities; public transportation for health care workers and other essential service workers such as grocery store checkers/stockers; and those with health problems who receive medical transportation for kidney dialysis, cancer treatments, and other critical care.

As with other industry segments in our state, restrictions put in place to limit the spread of COVID-19 have presented transit agencies with a near “perfect storm” of drastically reduced fare revenues, increased costs, and heightened anxiety for our frontline staff about their own personal health. According to a recent American Public Transportation Association survey of 163 public transit agencies nationwide, impacts include:

- **Direct Costs** – 98% of surveyed public transit agencies have significant increased direct costs because of COVID-19, such as increased cleaning of vehicles and facilities. The Sunset Empire Transportation District in Clatsop County, for example, has hired twelve temporary employees to act as “sanitation techs” on every bus running throughout the day.
- **Farebox Revenue** – An estimated 75% farebox revenue loss over the March–September 2020 period and a 40% loss over the October–December 2020 period.
- **Restart Costs** – Nearly all agencies surveyed reported that they anticipate also facing additional costs associated with restarting operations, including hiring and training new

employees to replace those who were either furloughed in the wake of service reductions or chose to leave rather than risk their own health.

While \$25 billion is dedicated to public transit in the latest federal stimulus spending bill, and will be very much appreciated, we don't expect the amounts eventually received by Oregon's providers to adequately cover the increased expenses and decreased revenues that are projected.

To assist in mitigating what could be a significant gap in financial operations, we urge the Legislature and Oregon Transportation Commission to initiate a review of statutes and administrative rules relating to the use of revenues from the payroll tax established by HB2017 and disbursed through the Statewide Transit Improvement Fund (STIF) to allow short-term flexibility for transit agencies to use these funds to maintain current services. Current statutes and rules require that STIF funds be dedicated "to finance investments and improvements in public transportation services" based upon public transportation improvement plans developed by every qualified entity.

We hope you would agree that it makes little sense in the midst of pandemic quarantine requirements, when transit agencies are fighting desperately to maintain existing services, to continue a restriction that needed funds can only be used to increase service above a benchmark established prior to the impacts of COVID-19.

Thank you for your consideration of this request—we offer the full resources of our organization and our member agencies to assist in identifying needed legislative changes to increase the flexibility in using STIF funds, along with new provisions to ensure continued accountability.

We look forward to working with you on this crucially important effort to ensure continued access to transportation for all Oregonians.

Sincerely,



Andi Howell
2020-21 OTA President
Transit Director, Sandy Area Metro

CC: Senate President Peter Courtney
House Speaker Tina Kotek
Oregon Transportation Commission