

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Study Session Worksheet

**Presentation Date:** June 23, 2015 **Approx Start Time:** 1:30 pm **Approx Length:** 90 min

**Presentation Title:** *The Road Ahead: Public Opinion Survey Results; Recommendations on Transportation Maintenance Funding Package*

**Departments:** Public & Government Affairs, Transportation & Development

**Presenters:** Gary Schmidt, Director, PGA; Barbara Cartmill, Director, DTD; Chris Storey, Assistant County Counsel; Ari Wubbold and Adam Davis, DHM; Nick Popenuk, ECONorthwest

**Other Invitees:** Randy Harmon, Warren Gadberry, Transportation Maintenance; Mike Bezner, Diedre Landon, DTD; Ellen Rogalin, PGA/DTD; Tim Heider, PGA; Amy Kyle, PGA; Karen Tolvstad, Fish Marketing

### WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff is requesting discussion and direction from the Board of County Commissioners on what avenues to pursue related to the county's ongoing and growing need for road maintenance funds.

### EXECUTIVE SUMMARY:

Staff and consultants have the results of two major research efforts to present today, to help inform future BCC discussions and decisions related to seeking an ongoing source of funds needed to maintain a safe and sound road system in future years. The results will be reviewed in detail at the study session. Below is a brief overview of each.

#### **Results of Public Opinion Survey (DHM)**

DHM Research conducted a random sample telephone survey of 400 likely Clackamas County voters from May 28-30, 2015, analyzed the results and compared the results, where possible, with a similar survey conducted in 2014. In summary, DHM reports that the results show the following:

- Voters continue to believe county roads are in good condition and the county does a good job of maintaining roads.
- A majority of voters continue to feel the county has enough funds to maintain roads.
- Neither a \$5 nor \$10 tax or fee increase option receives majority support.
- Among a set of specific revenue sources, voters showed the highest support for a county-wide gas tax added on to each gallon of gas purchased in the County.
- The top reasons for *supporting* additional funding for road maintenance:
  - Safety concerns
  - Investing in maintenance now to avoid spending more in the future on road restoration
- The top open-ended reasons for *opposing* both the \$5 and \$10 options:

- Concerns over wasteful spending
- The belief that taxes are high enough as is
- A significant majority of respondents agreed that all county residents, including those in cities, should pay for county road maintenance because they all rely on the county road system.

**Recommendations on Transportation Maintenance Funding Package (ECONorthwest)**

ECONorthwest has analyzed the county’s road maintenance funding needs, options for obtaining additional funds and the results of the survey research, and identified – for BCC consideration -- the following options as the three most likely to succeed.

- Vehicle Registration Fee
- Gas Tax
- General Obligation Bond

Additional ECONorthwest recommendations include the following:

- Each option should be applied countywide, as opposed to just the unincorporated areas of the county, as it:
  - Allows for more revenue at a given rate
  - Makes it easier to implement, and
  - Is consistent with results of the DHM polling, which found voters preferred a countywide approach by a two-to-one margin over an unincorporated-only approach.
- The County should **not** pursue a road district or a street utility fee, as those two options received very low levels of support in the DHM survey.
- The County should only pursue one funding option, rather than a package combining multiple options, to make the proposal as straightforward as possible, avoiding the confusion of multiple ballot measures required for implementation.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

The current annual gap between the amount of available federal and state revenue and maintenance needs is more than \$17 million. That gap has grown approximately \$660,000 per year since 2007. It is anticipated that the gap will continue growing at a steady pace.

**LEGAL/POLICY REQUIREMENTS:**

There are legal requirements and deadlines related to pursuing any ballot measure.

- A ballot measure in November 2015 (Nov. 3) for a gas tax, a utility fee or a vehicle registration fee would require the county to file an official referral with completed ballot title, question and statement no later than Friday, August 14, 2015.
- A VRF measure would also require review from the Oregon Department of Transportation (ODOT); the final resolution would need to be sent to ODOT no later than July 9, 2015.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

Extensive outreach and education has taken place over the past two years including presentations to community groups, a website, billboards, social media, sharing information at events, articles in Citizen News and presentations at BCC study sessions and business meetings. PGA and DTD staff will continue to refine and revise these activities based on past feedback and direction from the BCC.

**OPTIONS:**

1. Direct staff to continue outreach activities and return to the BCC as soon as possible with a specific recommendation for a November 3, 2015, ballot measure for:
  - a. Gas tax and/or
  - b. Vehicle registration fee and/or
  - c. Road utility district
  
2. Direct staff to continue outreach activities and return to the BCC later this summer with a specific recommendation for a September or November 2016 ballot measure for:
  - a. Gas tax and/or
  - b. Vehicle registration fee and/or
  - c. Road utility district
  
3. Direct staff to investigate the possibility of completing major maintenance projects with funds from general obligation bonds and report back to the BCC later this summer.

**RECOMMENDATION:**

Staff respectfully recommends that the Board of County Commissioners approve the following **two** options:

- Option 2b: Direct staff to continue outreach activities and return to the BCC later this summer with a specific recommendation for a September or November 2016 ballot measure for a vehicle registration fee **AND**
  
- Option 3: Direct staff to investigate the possibility of completing major maintenance projects with funds from general obligation bonds and report back to the BCC later this summer.

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

**ATTACHMENTS:**

- A. *Transportation Telephone Survey DRAFT* – DHM Research, June 2015
- B. *Recommendations on a Transportation Maintenance Funding Package* – ECONorthwest, June 16, 2015
- C. *Timeline for Road Funding Options* – Chris Storey, Assistant County Counsel, February 24, 2015
- D. PowerPoint presentation

For information on this issue or copies of attachments, please contact Amy Kyle @ 503-742-5973



**PREPARED FOR:**  
**CLACKAMAS COUNTY**  
**Transportation Telephone Survey**

**June 2015**

**PREPARED BY:**  
**DHM RESEARCH**

**(503) 220-0575 • 239 NW 13<sup>th</sup> Ave., #205, Portland, OR 97209 • [www.dhmresearch.com](http://www.dhmresearch.com)**

## 1. | INTRODUCTION AND METHODOLOGY

Between May 28 and 31, 2015, Davis, Hibbitts & Midghall, Inc. (DHM Research) conducted a telephone survey of 400 likely voters in Clackamas County to test opinions around transportation priorities and funding. A likely voter is defined as having voted in at least 2 of the last 4 general and primary elections. When appropriate, results are benchmarked against a Clackamas County transportation telephone survey conducted in March of 2014<sup>1</sup>. In addition, DHM Research conducted an online survey for Clackamas County in February and March of 2015 on the subject of transportation priorities and funding; however, this report will focus only on the valid and statistically-reliable telephone results.

Research Methodology: Again, the survey consisted of 400 likely voters in Clackamas County. This is a sufficient sample size to assess voters' opinions generally and to review findings by multiple subgroups, including age, gender, political party, and geographic area of the County.

The telephone survey took approximately 10 minutes to administer. In gathering responses, a variety of quality control measures were employed, including questionnaire pre-testing and validations. For a representative sample, quotas were set by age, gender, city, and political party. In the annotated questionnaire, results may add up to 99% or 101% due to rounding.

Statement of Limitations: Any sampling of opinions or attitudes is subject to a margin of error. The margin of error is a standard statistical calculation that represents differences between the sample and total population at a confidence interval, or probability, calculated to be 95%. This means that there is a 95% probability that the sample taken for this study would fall within the stated margins of error if compared with the results achieved from surveying the entire population.

For a sample size of 400, the margin of error would fall within +/-2.9% and +/-4.9% at the 95% confidence level. If they answered 50% each way, the margin of error would be 4.9%. The reason for the difference lies in the fact that when response categories are relatively even in size, each is numerically smaller and thus slightly less able--on a statistical basis--to approximate the larger population.

DHM Research Background: DHM Research has been providing opinion research and consultation throughout the Pacific Northwest and other regions of the United States for over three decades. The firm is non-partisan and independent and specializes in research projects to support planning and public policy-making. [www.dhmresearch.com](http://www.dhmresearch.com)

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<sup>1</sup> This 2014 telephone survey consisted of 400 Clackamas County likely voters.

## 2. | SUMMARY & OBSERVATIONS

### **Voters continue to believe the roads in Clackamas County are in good condition and that the County does a good job of maintaining roads.**

- Roughly three-quarters (72%) feel the roads in their area of Clackamas County are in either excellent or good condition. This score was consistent among residents from all areas of the county and similar to results from 2014 (76%).
  - *Potholes* were the top reason for rating the condition of the roads in their area as poor or very poor.
- Seven in ten (68%) feel Clackamas County is doing an overall good job at providing transportation maintenance services for their area of the County, down only slightly from 2014 (74%).

### **A majority of voters continue to feel the County has enough funds to maintain roads.**

- A majority (52%) believe the County has the right amount of funds (36%) or more than enough funds (16%) to properly maintain roads. This was also consistent with 2014 (55% overall).
- A plurality of voters (42%) cited the gasoline tax as the primary funding source for road maintenance in Clackamas County.

### **Neither a \$5 nor \$10 tax or fee increase option receives majority support at this time.**

- The \$5 option received higher support than the \$10 option (50% strongly/somewhat support vs. 31%).
- Among a set of specific revenue sources, voters showed the highest support for a county-wide gas tax added on to each gallon of gas purchased in the County (40% overall support).
  - Younger residents (ages 18-34) tended to be the strongest supporters of the tested amounts and revenue sources.

### **The top reasons for supporting additional funding for road maintenance in Clackamas County centered on safety concerns and investing in maintenance now to avoid spending more in the future on road restoration.**

### **The top open-ended reasons for opposing both the \$5 and \$10 options were concerns over wasteful spending and the belief that taxes are high enough as is.**

### 3. | KEY FINDINGS

#### 3.1 | Road Maintenance and Conditions

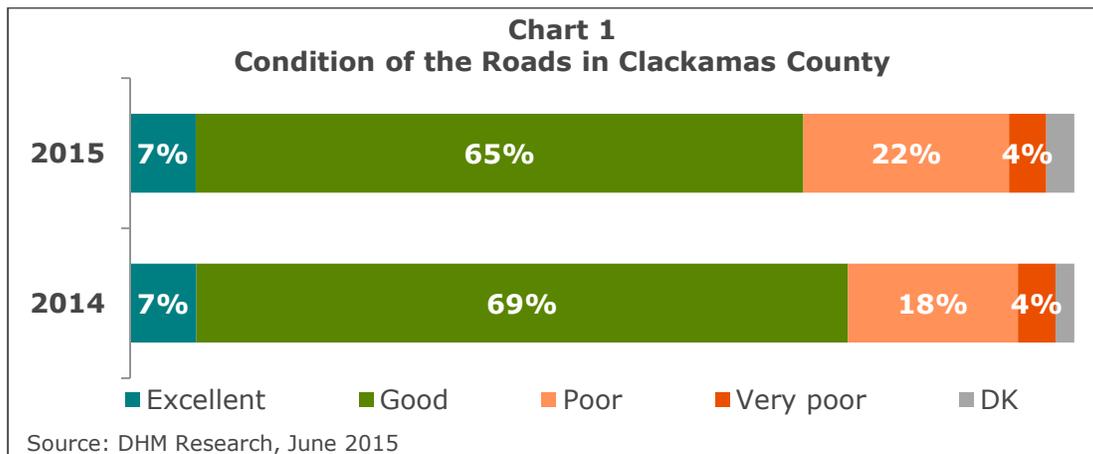
Voters were asked, using an open-ended format, what kinds of transportation projects generally come to mind when they think about “road maintenance” (Q1). Below are their top responses:

- *Filling potholes* (36%)
- *Paving* (28%)
- *Fixing roads (general)* (17%)

This emphasis on potholes would resurface later in the survey when voters were asked why they rated the condition of roads in their area of Clackamas County negatively.

Demographic Differences: *Filling potholes* was the top response from voters in both incorporated and unincorporated areas of Clackamas County (both 36%).

Voters were asked how they felt about the condition of roads in their area of Clackamas County (Q2).



More than seven in ten voters (72%) felt the roads in their area of Clackamas County were generally in good condition (excellent/good). Less than three in ten (26%) felt roads were generally in poor condition (very poor/poor). Only 3% of voters were unsure how to rate the condition of roads in their area of Clackamas County. Results were very similar to 2014, when 76% considered their roads to be in excellent/good condition and 22% said they were in very poor/poor condition. Unsure scores were also very low (2%) in 2014.

Demographic Differences: Voters ages 18-34 were more likely than those ages 35 and older to rate road conditions in their area of the county as “excellent” or “good” (80% vs. 69-74%), as were non-Whites compared to Whites (86% vs. 71%). There were no significant differences by city or region of the county (incorporated/unincorporated).

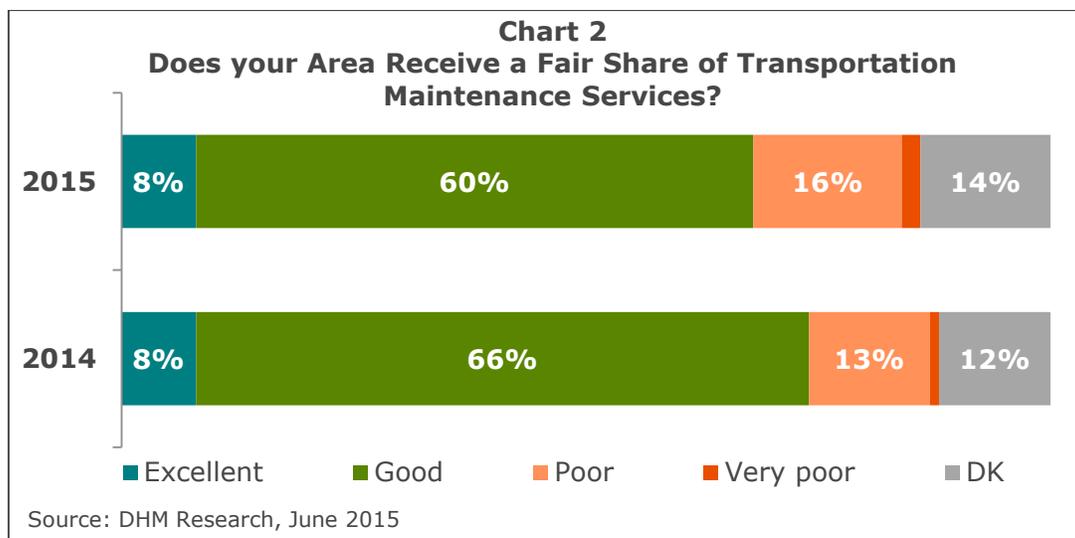
Voters who felt the roads in their area were in a “very poor” or “poor” condition were asked, using an open-ended format, why they felt that way (Q3). Below are the top responses that voters provided:

- *Potholes* (60%)
- *Roads are in bad condition* (21%)
- *Lack of maintenance (general)* (14%)
- *Roads need repaving* (11%)

Results were very similar to those from 2014, when voters overwhelmingly cited *potholes* (73%) as their top reason for rating the condition of roads in their area of the county as “very poor” or “poor.”

Demographic Differences: There were no significant demographic differences.

Voters were asked how good of a job Clackamas County is doing making sure their area of the county receives a fair share of transportation maintenance services (Q4).

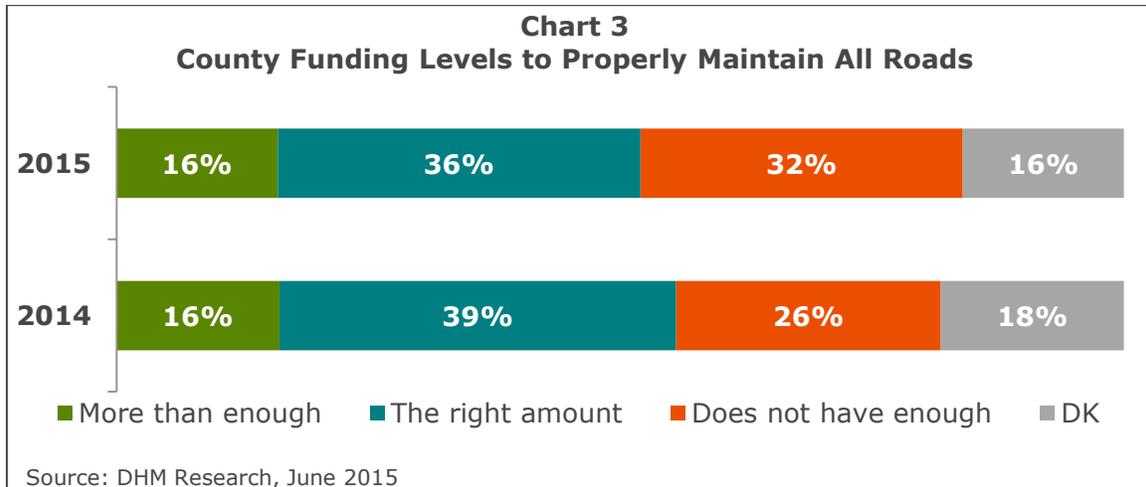


Seven in ten (68%) voters said Clackamas County is doing an overall good job (excellent/good) of providing a fair share of transportation maintenance services for their area of the county. This was down slightly from 2014 (74%). Additionally, two in ten (18%) voters in 2015 said the county is doing an overall poor job (18% vs. 14% in 2014).

Demographic Differences: Again, voters ages 18-34 were more likely than those ages 35 and older to provide an overall positive rating (91% vs. 62-70%), as were non-Whites compared to Whites (77% vs. 67%). There were no significant differences by city or region of the county (incorporated/unincorporated). Republicans (77%) and Independents (71%) were more likely than Democrats (56%) to provide an overall positive rating. Independents and Democrats both showed drops in positive ratings when compared to 2014.

### 3.2 | Funding for Road Maintenance

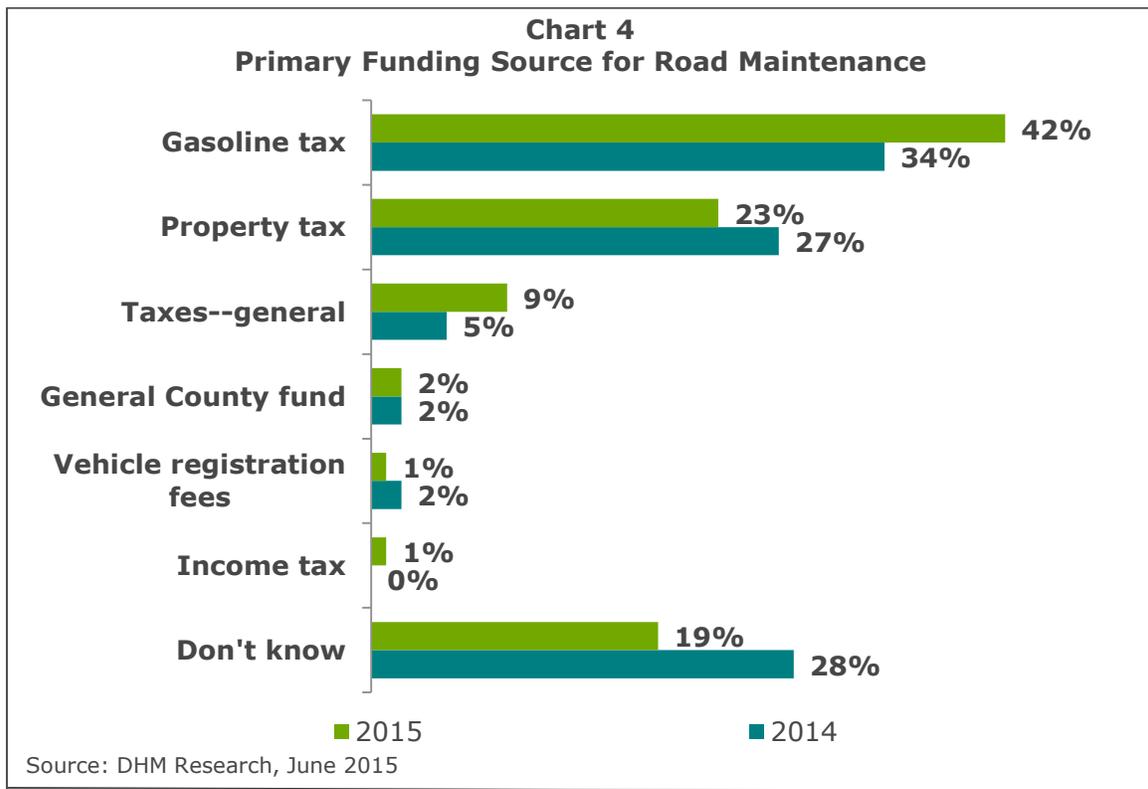
Voters were provided a series of statements pertaining to the adequacy of funding for County road maintenance and were asked which they agreed with most (Q5).



A narrow majority of voters (52%) felt the County has the right amount of funds (36%) or more than enough funds (16%) to properly maintain roads. This was similar to 2014, when 55% of voters felt the County had the right amount of funds (39%) or more than enough funds (16%) to properly maintain roads.

Demographic Differences: Responses of “more than enough” were higher among men than women (21% vs. 11%) and among non-White voters when compared to Whites (31% vs. 14%). Responses of “about the right amount” were higher among voters in incorporated areas of Clackamas County than those in unincorporated areas (42% vs. 29%), as well as among those ages 18-34 when compared to older voters (53% vs. 33-35%). Responses of “does not have enough” tended to increase with age (18-34: 16%; 35-54: 29%; 55+: 36%), were higher among Democrats (41%) than Republicans and Independents (both 26%), and were twice as high among Whites as non-Whites (36% vs. 18%). Unsure responses were higher among voters in unincorporated areas of Clackamas County than those in incorporated areas (21% vs. 11%).

Voters were asked, without being given answers to choose from, what they thought the primary funding source for road maintenance in Clackamas County was (Q6).

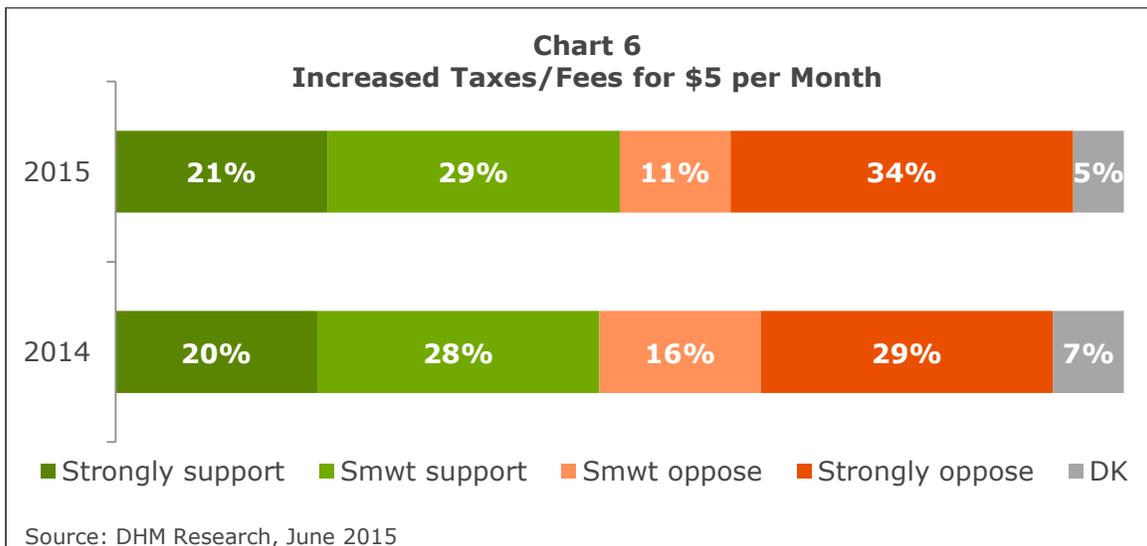
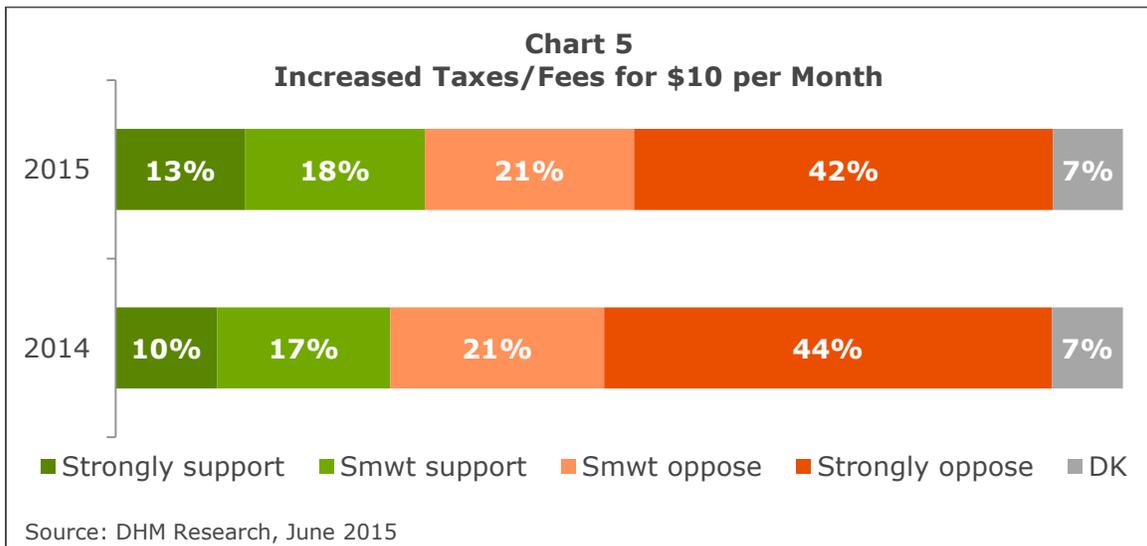


Same as in 2015, *gasoline tax* was the top funding sources cited by voters (42%, compared to 34% in 2014), followed by *property tax* (23%, compared to 27% in 2014). Two in ten (19%) voters were unsure about the primary funding source for road maintenance in Clackamas County, down from 28% in 2014.

Demographic Differences: Responses of *gasoline tax* increased with age (18-34: 12%; 35-54: 37%; 55+: 49%) and were higher among men than women (49% vs. 36%). Responses of *property tax* were higher among Republicans (30%) than Independents (20%) and Democrats (18%). Unsure responses were higher among renters than homeowners (30% vs. 17%) and were also notably high (30%) among voters with a high school diploma or less education.

Voters were then told that funding for road repairs comes from a variety of sources, including Clackamas County’s share of state gasoline taxes; state vehicle registration and title fees; state weight-mile taxes paid by heavy trucks; and the federal government. They were also told that the County estimates that there is a \$17 million funding gap between what road repairs need to be made and what the County can afford each year based on available revenues.

Voters were then asked whether they would support or oppose new or increased fees or taxes to raise additional funds to pay for transportation maintenance in the county. Voters were asked to rate their support for two options that would cost the average household a \$10 or \$5 per month increase in fees/taxes (options were rotated and tested independently). Voters were told that the \$10 option would allow the County to **improve** current road maintenance levels and the \$5 option would allow the county to **maintain** current road maintenance levels. Below is the level of support for both options with comparisons to results from 2014 (Q7-8).



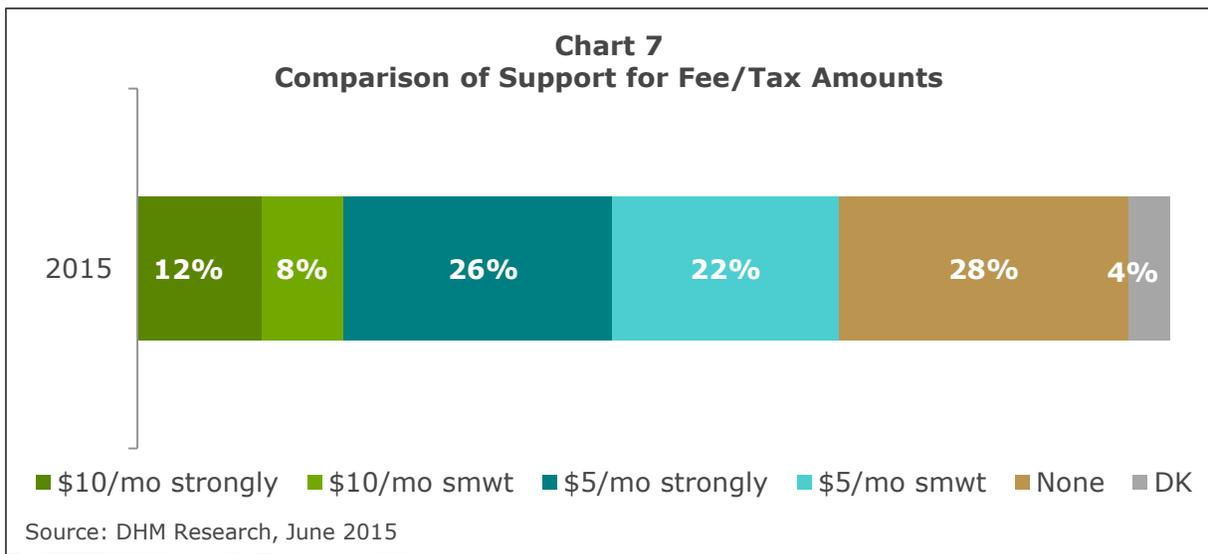
Three in ten (31%) voters supported overall (strongly/somewhat) the **\$10 per month tax or fee increase** for transportation maintenance, while six in ten (62%) were opposed. These results were similar to those found in 2014, when 27% were in support and 66% were opposed to the \$10 option.

Demographic Differences: Results were largely similar across demographics, with support not reaching 40% among any particular demographic group. Democrats (37%) and Independents (35%) were more supportive of this option than Republicans (22%). 50% of those who said the County “does not have enough” funding to properly maintain roads (Q5) supported this option.

Five in ten (50%) voters supported overall (strongly/somewhat) the **\$5 per month tax or fee increase** for transportation maintenance, while a similar amount (45%) was opposed. These results were also similar to those found in 2014, when 48% were in support and 45% were opposed to the \$5 option.

Demographic Differences: Geographically, support was highest among voters in the cities of Lake Oswego/Milwaukie/Oak Grove/Gladstone (57%) and the cities<sup>2</sup> of West Linn/Oregon City (56%). Support was higher among Independents (60%) and Democrats (59%) than Republicans (37%). Support for this option was also higher among Whites than non-Whites (52% vs. 42%). 71% of those who said the County “does not have enough” funding to properly maintain roads (Q5) supported this option.

Voters were also asked which of the two options they most preferred in a head-to-head test: \$10 or \$5 (Q9). They were then asked if they felt that way strongly or somewhat.



<sup>2</sup> Area of County was combined into like areas which included the cities of Lake Oswego/Milwaukie/Oak Grove/Gladstone; West Linn/Oregon City; Happy Valley/Damascus/Sandy; Wilsonville/Canby/Molalla; and “All Others.”

Five in ten (48%) voters preferred (strongly/somewhat) the **\$5 per month option**, down 10 points from 2014 (58%).

Demographic Differences: Voters ages 18-34 were more likely than older voters to support this option (61% vs. 46-49%), as were voters in incorporated Clackamas County compared to those in unincorporated areas (53% vs. 44%). Renters were also more supportive of this option than homeowners (56% vs. 47%). Among voters who said the County “does not have enough” funding to properly maintain roads (Q5), 47% supported this option.

Two in ten (20%) voters preferred (strongly/somewhat) the **\$10 per month option**, up 10 points from 2014 (10%).

Demographic Differences: No demographic groups (including age, gender, and region of the County) preferred this option at a rate reaching 30%. Democrats (28%) were more likely to support this option than Independents (19%) and Republicans (13%). Among voters who said the County “does not have enough” funding to properly maintain roads (Q5), 40% supported this option.

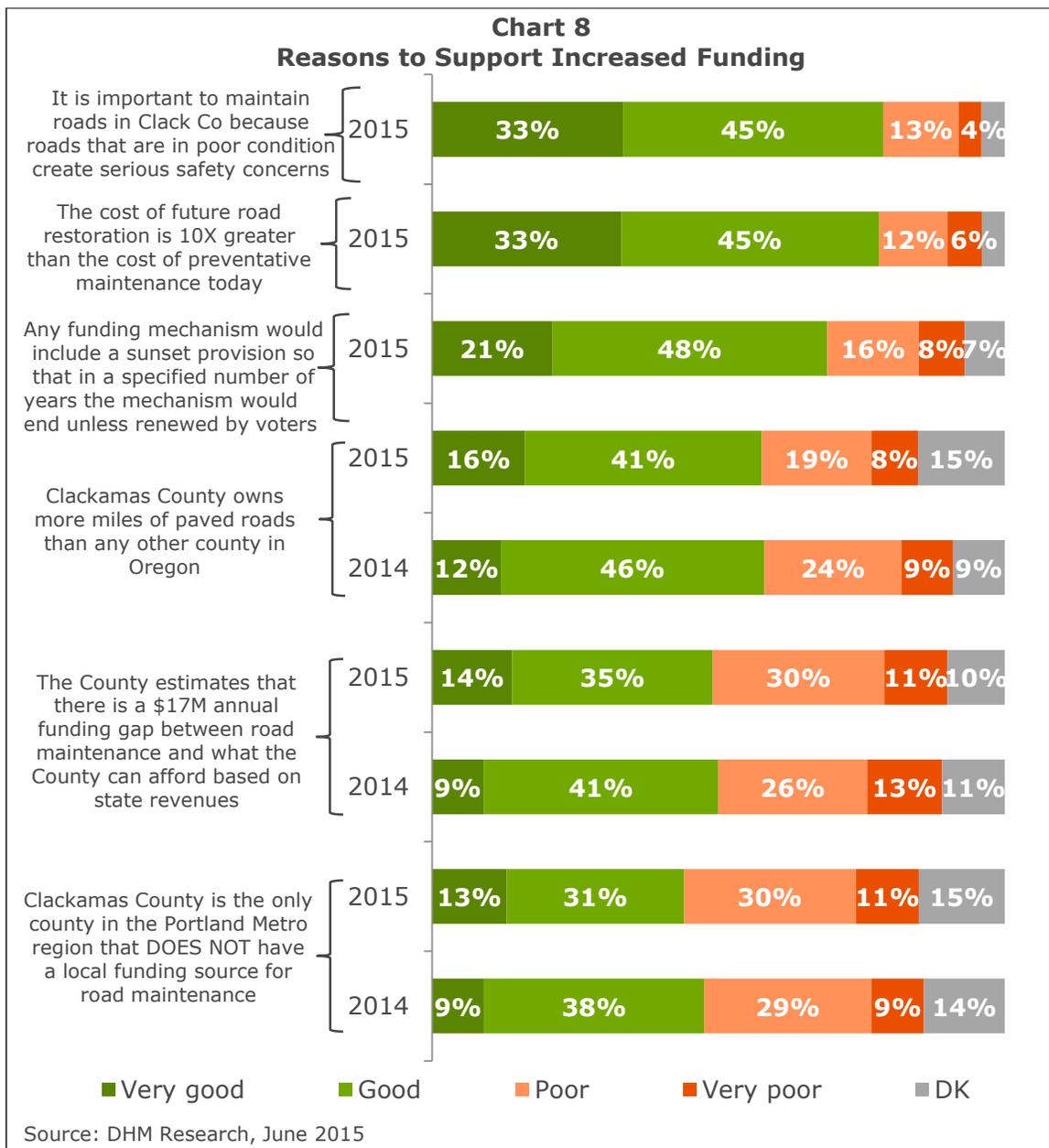
Three in ten (28%) preferred **none of the options**, similar to 2014 (30%).

Demographic Differences: Among voters who said the county “has more than enough” funding to properly maintain roads (Q5), 55% preferred none of the options. This option was more preferred among men than women (33% vs. 23%), and was notably high among voters from Happy Valley/Damascus/Sandy (42%) and Republicans (40%).

### 3.3 | Support Reasons

Voters were read the following statement about why some voters oppose increased funding for road maintenance in Clackamas County: *When it comes to the issue of increased funding for road maintenance in Clackamas County, opponents often cite concerns with the state of the economy, distrust of the government's ability to appropriately manage the funds, and the belief that other services should be prioritized...*

They were then presented a series of reasons voters give for supporting increased funding for road maintenance in Clackamas County and were asked to rate each one as a very good, good, poor, or very poor reason (Q10-15).



The top-tier of reasons to support increased funding with ratings higher than 50% (very good/good), included the following:

- *It is important to maintain roads in Clackamas County because roads that are in poor condition create serious safety concerns* (78%; 33% very good)
- *The cost of future road restoration is 10 times greater than the cost of preventive maintenance today. The County should address the road funding issue now so it doesn't become more expensive in the future* (78%; 33% very good)
- *Any funding mechanism would include a sunset provision, which means that in a specified number of years the mechanism would end unless voters reapproved it* (69%; 21% very good)
- *Clackamas County owns more miles of paved roads than any other county in Oregon* (57% vs. 58% in 2014)

No other reasons to support were rated as very good/good by a majority of voters.

Demographic Differences:

***It is important to maintain roads in Clackamas County because roads that are in poor condition create serious safety concerns:*** Overall ratings (very good/good) were higher among women than men (82% vs. 74%) and among White voters compared to non-Whites (78% vs. 67%). Ratings were higher than 60% across all demographic groups, with notably high ratings from voters in the cities of Wilsonville/Canby/Molalla (93%).

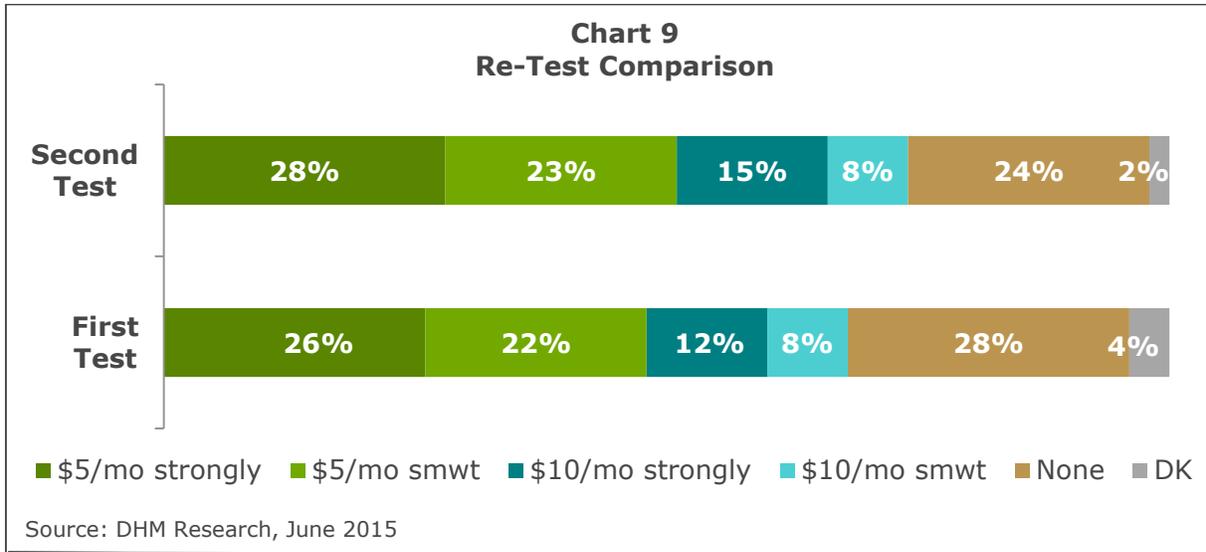
***The cost of future road restoration is 10 times greater than the cost of preventive maintenance today. The County should address the road funding issue now so it doesn't become more expensive in the future:*** Overall ratings were higher among voters ages 18-34 than their older counterparts (87% vs. 76-78%) and were higher among Democrats (85%) than Republicans (73%) and Independents (72%). This was also the supporting argument that garnered the highest rating (92%) from voters who said the County "does not have enough" funding to properly maintain roads (Q5).

***Any funding mechanism would include a sunset provision, which means that in a specified number of years the mechanism would end unless voters reapproved it:*** Overall ratings were higher among voters ages 18-34 than their older counterparts (84% vs. 66-68%) and were higher among voters from incorporated areas of Clackamas County compared to those in unincorporated areas (74% vs. 64%).

***Clackamas County owns more miles of paved roads than any other county in Oregon:*** Overall ratings were higher among voters ages 18-34 than their older counterparts (73% vs. 55-59%), as well as among Independents (66%) and Democrats (65%) when compared to Republicans (45%), and among White voters when compared to non-Whites (60% vs. 46%).

### 3.4 | Tax/Fee Re-Test

Following consideration of the support reasons, the Voters were again presented the two funding options (\$5 and \$10) and asked which one they preferred (Q16).



Results were very similar to the first test, with voters preferring the \$5 option (51%) to the \$10 option (23%), compared to 48% vs. 20% in the first head-to-head (Q9).

#### Demographic Differences:

Support for the **\$5 option** was highest among those ages 18-34, voters in Wilsonville/Canby/Molalla, and renters (all 62%). This option picked up support from 20% of voters who supported neither option in the first head-to-head. Geographically, support for this option was highest among voters from Wilsonville/Canby/Molalla (62% vs. 44-52% for all others).

Support for the **\$10 option** only reached 30% among two demographic groups: voters with a college degree or more education (31%) and Democrats (30%).

Support for **neither option** was highest among Republicans (34%) and was higher among homeowners than renters (25% vs. 15%).

Voters were asked, using an open-ended format, why they chose the option they did (Q17). Below are the top responses that voters provided:

#### **\$5 option:**

- *Wasteful spending* (17%)
- *I am on a fixed income* (14%)

#### **\$10 option:**

- *Good roads are needed* (37%)

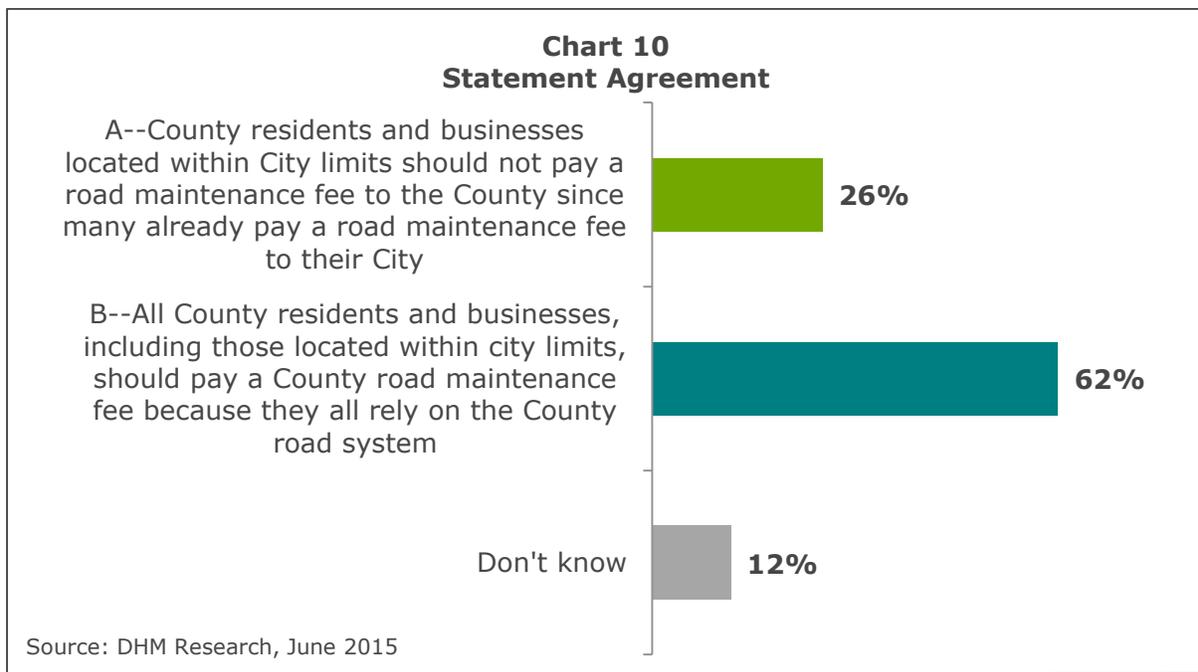
**Neither option:**

- *Wasteful spending* (34%)
- *Already pay enough taxes* (13%)
- *Taxes are already high* (13%)
- *They already have enough* (11%)

Demographic Differences: There were no significant demographic differences.

**3.5 | Statement Agreement**

Voters were read a pair of statements pertaining to who should be required to pay a road maintenance fee and were asked to choose which one most closely aligned with their views (Q18).



By a more than two-to-one ratio, voters were more likely to align with statement B (62%) than statement A (26%). One in ten (12%) were unsure.

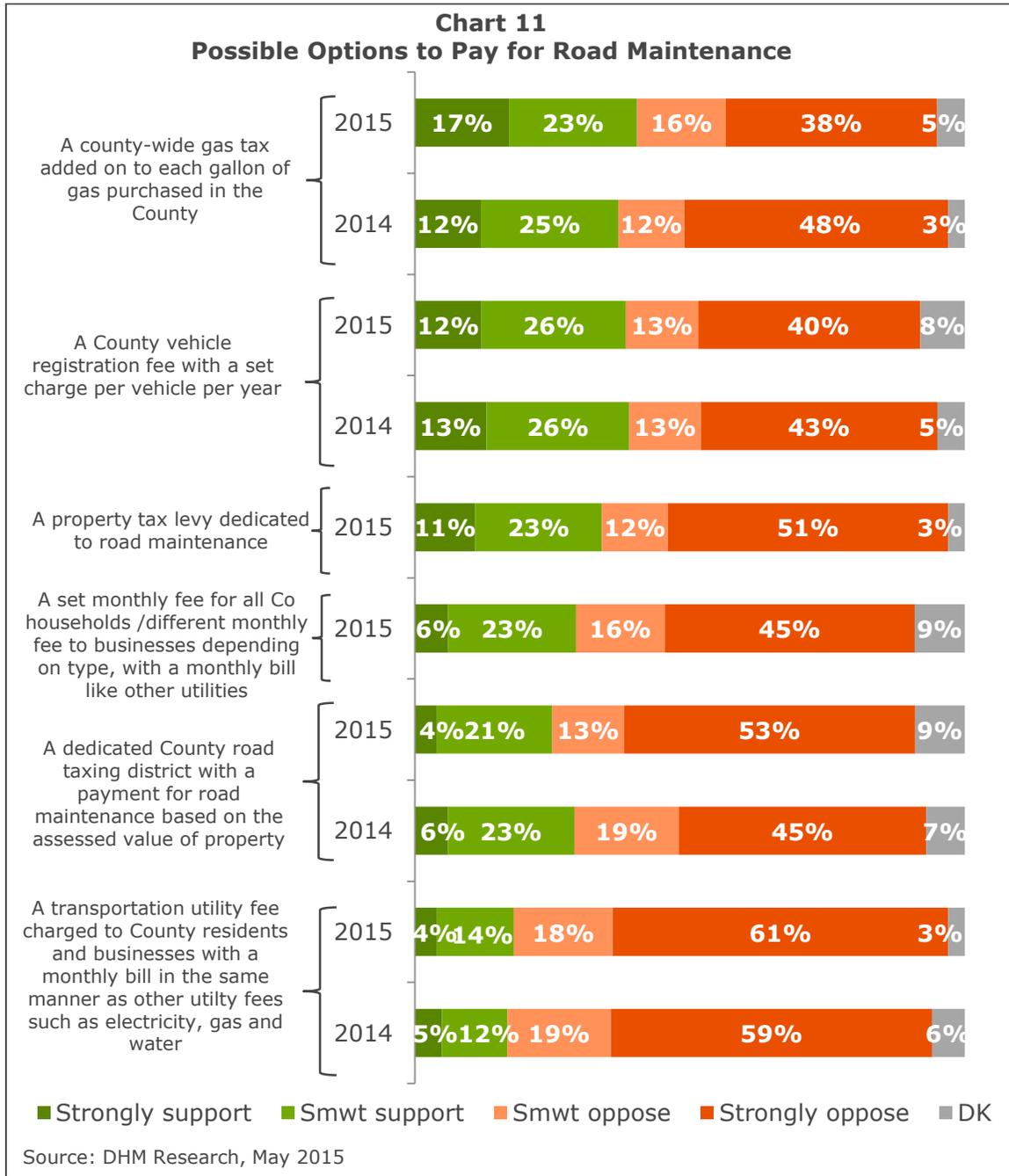
Demographic Differences:

**Statement B:** Preference for this statement was 60% or higher across all age and gender groups. Geographically, preference for this statement was notably high among voters from Wilsonville/Canby/Molalla (71%). Democrats (70%) were more likely to align with this statement than Independents (61%) and Republicans (54%), as were White voters when compared to non-Whites (64% vs. 48%).

**Statement A:** Preference for this statement was higher among Republicans than Democrats (32% vs. 21%) and among non-White voters when compared to Whites (39% vs. 25%).

### 3.6 | Possible Funding Options

Lastly, the voters were read a series of possible options to pay for road maintenance in Clackamas County and asked whether they supported or opposed each: strongly support, somewhat support, somewhat oppose, strongly oppose (Q19-24).



The top-tier of possible funding options with overall support scores (strongly/somewhat) higher than 30%, included the following:

- *A county-wide gas tax added on to each gallon of gas purchased in the County* (40%; 17% strongly support; compared to 37% overall support in 2014)
- *A County vehicle registration fee with a set charge per vehicle per year* (38%; 12% strongly support; compared to 39% overall support in 2014)
- *A property tax levy dedicated to road maintenance* (34%; 11% strongly support)

Demographic Differences:

***A county-wide gas tax added on to each gallon of gas purchased in the County:***

Overall support for this option was higher among men than women (46% vs. 36%), as well as among Democrats (50%) and Independents (49%) when compared to Republicans (26%), and among White voters when compared to non-Whites (42% vs. 31%).

***A County vehicle registration fee with a set charge per vehicle per year:*** Among voters who said the County “does not have enough” funding to properly maintain roads (Q5), this was the funding option with the highest support (58%). Support for this option decreased with age (18-34: 49%; 35-54: 43%; 55+: 34%) and was higher among homeowners than renters (40% vs. 26%).

***A property tax levy dedicated to road maintenance:*** While small sample sizes allow for few statistically significant differences on this funding option, stronger support was observed among voters from Lake Oswego/Milwaukie/Oak Grove/Gladstone (42%).

## 4. | ANNOTATED QUESTIONNAIRE

**Clackamas County Transportation  
May 2015; N=400; Likely Voters (2-4/4)  
10 Minutes; Margin of Error: +/- 4.9%  
DHM Research**

### \*Benchmark questions

**Introduction:** Hi, my name is \_\_\_\_\_ and I'm calling from DHM Research, a public opinion research firm in Portland. I'm calling about important issues in Clackamas County and I am not selling anything. May I please speak with \_\_\_\_ (must speak with person on the list).

Clackamas County owns and is solely responsible for maintaining 1,400 miles of roads -- about 1,310 miles in unincorporated Clackamas County and 90 miles inside cities.

1. When you think of road maintenance, what kinds of transportation projects generally come to mind? **(OPEN; Accept multiple responses)**

Response Category	N=400
Filling potholes	36%
Paving	28%
Fixing roads (general)	17%
Bridge Infrastructure	9%
Road widening	4%
Fixing highways	4%
Traffic signals and signs	3%
Striping	3%
All other responses	2% or less
None/Nothing	4%
<b>(DON'T ASK)</b> Don't know	5%

2. Do you feel the condition of roads in your area of Clackamas County is excellent, good, poor or very poor?\*

Response Category	2015 N=400	2014 N=400
Excellent	7%	7%
Good	65%	69%
Poor	22%	18%
Very poor	4%	4%
<b>(DON'T ASK)</b> Don't know	3%	2%

3. (Ask if Q2=3 or 4 otherwise skip to Q4) Those who said “poor” or “very poor” on Q2: Why do you say that? (OPEN)\*

Response Category	2015 N=103	2014 N=88
Potholes	60%	73%
Roads are in bad condition	21%	15%
Lack of maintenance (general)	14%	15%
Roads need repaving	11%	---
All other responses	6% or less	5% or less
None/Nothing	0%	1%
(DON'T ASK) Don't know	0%	0%

4. Do you feel Clackamas County does an excellent, good, poor or very poor job of making sure your area of the county gets a fair share of transportation maintenance services?\*

Response Category	2015 N=400	2014 N=400
Excellent	8%	8%
Good	60%	66%
Poor	16%	13%
Very poor	2%	1%
(DON'T ASK) Don't know	14%	12%

5. Which of the following statements most closely aligns with your views? (Rotate statements)\*

Response Category	2015 N=400	2014 N=400
A. The County has <u>more than enough</u> funding to properly maintain all roads	16%	16%
B. The County has <u>about the right amount</u> of funding to properly maintain all roads	36%	39%
C. The County does <u>not have enough</u> funding to properly maintain all roads	32%	26%
(DON'T ASK) Don't know	16%	18%

6. To the best of your knowledge, what is the primary funding source for road maintenance in Clackamas County? (DO NOT READ LIST)\*

Response Category	2015 N=400	2014 N=400
Gasoline tax	42%	34%
Property tax	23%	27%
Taxes—general	9%	5%
General County fund	2%	2%
Vehicle registration fees	1%	2%
Income tax	1%	0%
Other	1% or less	1% or less
Don't know	19%	28%

**(ROTATE Q7 AND Q8)**

Funding for road repairs comes from a variety of sources, including Clackamas County’s share of state gasoline taxes; state vehicle registration and title fees; state weight-mile taxes paid by heavy trucks; and the Federal government. The County estimates that there is a \$17 million funding gap between what road repairs need to be made and what the County can afford each year based on available revenues.

- 7. Would you support or oppose new or increased taxes or fees to raise additional funds to pay for transportation maintenance if the cost to an average Clackamas County household were estimated to be \$10 a month? This would allow the County to **improve** current road maintenance service levels. (Wait and ask if strongly or somewhat)\*

Response Category	2015 N=400	2014 N=400
Strongly support	13%	10%
Somewhat support	18%	17%
Somewhat oppose	21%	21%
Strongly oppose	42%	44%
<b>(DON'T ASK)</b> Don't know	7%	7%

- 8. Would you support or oppose new or increased taxes or fees to raise additional funds to pay for transportation maintenance if the cost to an average Clackamas County household were estimated to be \$5 a month? This would allow the County to **maintain** the current level of road maintenance services. (Wait and ask if strongly or somewhat)\*

Response Category	2015 N=400	2014 N=400
Strongly support	21%	20%
Somewhat support	29%	28%
Somewhat oppose	11%	16%
Strongly oppose	34%	29%
<b>(DON'T ASK)</b> Don't know	5%	7%

- 9. Of the two options I just read which would be your most preferred: \$5 per month to **maintain** the current level of road maintenance services or \$10 per month to **improve** road maintenance service levels? (Wait and ask if that is strongly or somewhat)\*

Response Category	2015 N=400	2014 N=400
\$5 per month—strongly	26%	58%
\$5 per month—somewhat	22%	
\$10 per month—strongly	12%	10%
\$10 per month—somewhat	8%	
None	28%	30%
<b>(DON'T ASK)</b> Don't know	4%	2%

When it comes to the issue of increased funding for road maintenance in Clackamas County, opponents often cite concerns with the state of the economy, distrust of the government’s ability to appropriately manage the funds, and the belief that other services should be prioritized as reasons for opposing increased funding.

Now, I’m going to read you some reasons people have to **support** increased funding for road maintenance in Clackamas County. For each, do you think it is a very good reason, good, poor, or very poor reason to support increased funding for road maintenance in Clackamas County? **(Randomize Q10-15)**

Response Category	Very good	Good	Poor	Very poor	DK
10. Clackamas County owns more miles of paved roads than any other county in Oregon*					
2015, N=400	16%	41%	19%	8%	15%
2014, N=400	12%	46%	24%	9%	9%
11. Clackamas County is the only county in the Portland Metro region that DOES NOT have a local funding source for road maintenance*					
2015, N=400	13%	31%	30%	11%	15%
2014, N=400	9%	38%	29%	9%	14%
12. The County estimates that there is a \$17 million dollar annual funding gap between road maintenance needs and what the County can afford based on available state revenues*					
2015, N=400	14%	35%	30%	11%	10%
2014, N=400	9%	41%	26%	13%	11%
13. The cost of future road restoration is 10 times greater than the cost of preventive maintenance today. The County should address the road funding issue now so it doesn’t become more expensive in the future					
2015, N=400	33%	45%	12%	6%	4%
14. It is important to maintain roads in Clackamas County because roads that are in poor condition create serious safety concerns					
2015, N=400	33%	45%	13%	4%	4%
15. Any funding mechanism would include a sunset provision, which means that in a specified number of years the mechanism would end unless voters reapproved it					
2015, N=400	21%	48%	16%	8%	7%

16. Now that I’ve read you some reasons people give to oppose and support increased funding for road maintenance in Clackamas County, I’d like to ask you again about the two funding options you were read earlier. Of those two options, which would be your most preferred: \$5 per month to maintain the current level of road maintenance services or \$10 per month to improve road maintenance service levels? (Wait and ask if that is strongly or somewhat)

Response Category	N=400
\$5 per month—strongly	28%
\$5 per month—somewhat	23%
\$10 per month—strongly	15%
\$10 per month—somewhat	8%
None/Neither	24%
<b>(DON’T ASK)</b> Don’t know	2%

17. What is the major reason you feel this way? (**OPEN**)

**Those who selected the \$5 option on Q16 (strongly/somewhat)**

<b>Response Category</b>	<b>N=203</b>
Wasteful spending	17%
I am on a fixed income	14%
All other responses	9% or less
None/Nothing	0%
<b>(DON'T ASK)</b> Don't know	1%

**Those who selected the \$10 option on Q16 (strongly/somewhat)**

<b>Response Category</b>	<b>N=92</b>
Good roads are needed	37%
All other responses	8% or less
None/Nothing	1%
<b>(DON'T ASK)</b> Don't know	2%

**Those who selected None/Neither on Q16**

<b>Response Category</b>	<b>N=95</b>
Wasteful spending	34%
Already pay enough taxes	13%
Taxes are already high	13%
They already have enough	11%
All other responses	4% or less
None/Nothing	0%
<b>(DON'T ASK)</b> Don't know	0%

18. Which of the following statements most closely aligns with your views? (**Rotate statements**)

<b>Response Category</b>	<b>N=400</b>
A. County residents and businesses located within City limits should not pay a road maintenance fee to the County since many already pay a road maintenance fee to their City	26%
B. All County residents and businesses, including those located within city limits, should pay a County road maintenance fee because they all rely on the County road system	62%
<b>(DON'T ASK)</b> Don't know	12%

Here are a few possible options to provide a local, independent, and stable revenue source to pay for road maintenance in the County. Do you support or oppose each? (Wait and ask if that is strongly or somewhat) **(Randomize Q19-24)**

Response Category	Strong Support	Smwt Support	Smwt Oppose	Strong Oppose	DK
19. A County vehicle registration fee with a set charge per vehicle per year*					
2015, N=400	12%	26%	13%	40%	8%
2014, N=400	13%	26%	13%	43%	5%
20. A county-wide gas tax added on to each gallon of gas purchased in the County*					
2015, N=400	17%	23%	16%	38%	5%
2014, N=400	12%	25%	12%	48%	3%
21. <b>(Split A; N=200)</b> A transportation utility fee charged to County residents and businesses with a monthly bill in the same manner as other utility fees such as electricity, gas and water*					
2015, N=200	4%	14%	18%	61%	3%
2014, N=400	5%	12%	19%	59%	6%
22. <b>(Split B; N=200)</b> A set monthly fee charged to all County households and a different monthly fee charged to businesses depending on type of business, with a monthly bill in the same manner as other utility fees					
2015, N=200	6%	23%	16%	45%	9%
23. <b>(Split C; N=200)</b> A property tax levy dedicated to road maintenance					
2015, N=200	11%	23%	12%	51%	3%
24. <b>(Split D; N=200)</b> A dedicated County road taxing district with a payment for road maintenance based on the assessed value of property*					
2015, N=200	4%	21%	13%	53%	9%
2014, N=400	6%	23%	19%	45%	7%

These last questions make sure we have a valid sample of the community. It's important to collect answers to all of the following questions, and please keep in mind that your responses are confidential.

25. Age **(From sample)**

Age	N=400
18-34	9%
35-54	30%
55-64	17%
65+	44%

26. Gender **(By observation )**

Response Category	N=400
Male	47%
Female	53%

27. In what city or town do you live? **(quota by several cities)**

<b>Response Category</b>	<b>N=400</b>
Clackamas	12%
Milwaukie	11%
Oregon City	9%
Estacada	7%
Lake Oswego	7%
Molalla	6%
Boring	5%
Happy Valley	5%
West Linn	5%
Eagle Creek	4%
Sandy	3%
Beavercreek	3%
Canby	3%
Damascus/Carver	2%
Wilsonville	2%
Oak Grove	1%
Portland	1%
Tualatin	1%
Gladstone	1%
Government Camp	0%
Jennings Lodge	0%
Johnson City	0%
Mount Hood Village	0%
Oatfield	0%
Rivergrove	0%
Sunnyside	0%
Barlow	0%
Others (record)	2%

- **Lake Oswego/Milwaukie/Oak Grove/Gladstone: 23%**
- **West Linn/Oregon City: 15%**
- **Happy Valley/Damascus/Sandy: 9%**
- **Wilsonville/Canby/Molalla: 9%**
- **All others: 44%**

28. Political Party **(From sample)**

<b>Response Category</b>	<b>N=400</b>
Democrat	41%
Republican	39%
Independent/Other	20%

29. Voter History **(From sample)**

<b>Response Category</b>	<b>N=400</b>
2 of 4	30%
3 of 4	26%
4 of 4	44%

30. Do you live within incorporated or unincorporated Clackamas County?

Response Category	N=400
Incorporated	47%
Unincorporated	38%
<b>(DON'T READ)</b> Don't know	15%

30A.<sup>3</sup>

Response Category	N=400
Incorporated	51%
Unincorporated	49%

31. How long have you lived in Clackamas County?

Response Category	N=400
0-5 years	6%
6-10 years	10%
More than 10 years	82%
<b>(DON'T READ)</b> Refused	2%

32. Do you own or rent your home?

Response Category	N=400
Own	84%
Rent	10%
<b>(DON'T READ)</b> Refused	6%

33. What is the highest level of education you have had the opportunity to complete?

Response Category	N=400
Less than high school	2%
High school diploma	17%
Some college	28%
College degree	33%
Graduate/professional school	17%
<b>(DON'T READ)</b> Refused	4%

34. Did we reach you on a cell phone today?

Response Category	N=400
Yes	13%
No	84%
<b>(DON'T READ)</b> Refused	2%

35. Which of the following best describes your race or ethnicity? **(allow multiple)**

Response Category	N=400
White/Caucasian	83%
Hispanic/Latino	2%
Asian/Pacific Islander	2%
Native American/American Indian	1%
African American/Black	0%
Other	4%
<b>(DON'T READ)</b> Refused	9%

<sup>3</sup> Voters who were unsure of how to answer Q30 were recoded into the correct jurisdiction based on GIS mapping conducted by Clackamas County. All analysis in this report by incorporated vs. unincorporated uses the samples from Q30A.

DATE: June 16, 2015  
TO: Barbara Cartmill  
FROM: Nick Popenuk, with Terry Moore and Steve Siegel  
SUBJECT: RECOMMENDATIONS ON A TRANSPORTATION MAINTENANCE FUNDING PACKAGE

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## Overview

“The Road Ahead” is an effort by Clackamas County to find a funding solution for long-term operation and maintenance of the County’s transportation infrastructure. The County asked ECONorthwest (with its subcontractors, Steve Siegel and Riley Associates) to provide our top three recommendations for a new funding source. Such a recommendation is based on an assessment of how well different sources perform against different criteria. A key consideration is that a source must have a reasonable chance (conceptually, at least 50% support in a survey of likely voters) of passing a ballot measure to approve the funding source.

This memorandum describes our general recommendations regarding a funding package for County transportation operations and maintenance, and the logic behind our recommendation. It then identifies the top three tools that the County may want to consider. For each source we discuss revenue potential, political acceptability, and the important pros and cons to consider.

We recommend that the County Board evaluate these three options, and make a decision on a preferred option. The preferred option can then be subjected to an additional round of polling to determine if there is a specific package that is politically acceptable (e.g., a specific rate, whether or not to include a sunset clause, and other key factors). The County can then better determine if there is a path forward with reasonable odds of success before putting the question to voters.

## Background

Our analysis was both quantitative and qualitative. We looked at technical and financial issues, and at public opinion research. We reviewed past analysis conducted by the County to confirm the scope of the problem and conducted focus group research to gauge the level of public support for a new transportation funding package. We coordinated with a polling firm the County hired separately (DHM) to conduct a telephone survey of 400 likely voters in Clackamas County. The results of the DHM survey were an important factor in our decisionmaking.

Key findings from the DHM survey<sup>1</sup> are:

- **The public does not currently see a need for increased road maintenance funding.** Most believed roads in the County are in good condition, and a majority feel the County has sufficient funds to maintain roads.

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<sup>1</sup> DHM conducted a statistically valid sample. We report the results as what *respondents* said, but the use of statistical measures allows one to generalize, more or less, to voters in Clackamas County.

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- **None of the general funding concepts surveyed were supported by a majority of respondents.** Each of the four funding tools that were considered received support from 40% or less of those polled, a cause for concern regarding passage of a funding measure. However, the survey only tested the name of the tax/fee and not specific funding packages with specified tax rates. Future surveys may find that more specific funding proposals are met with more support from likely voters.
  - **Simple solutions seem to have the greatest chance of success.** The respondents seemed more willing to support funding sources that are familiar, understandable, and tied to use of the transportation system. Getting the public to vote “yes” on a single ballot measure will be easier than obtaining a “yes” vote on two or more companion ballot measures.
  - **Price matters.** The poll found 50% of respondents support a fee of \$5 per household per month, but only 31% support a fee of \$10 per month. A fee of \$5 per household per month would generate roughly \$9.1 million per year. Although the County has estimated an annual road maintenance funding gap of \$17.65 million per year for operation and maintenance, the County may need to pursue a lower level of funding to garner public support.

## Findings

The County’s success in maintaining its road facilities appears to be impeding the County’s ability to secure additional funds for road maintenance. While voters appreciate that good on-going maintenance reduces long-term road costs, they also view County roads as well maintained with existing funding. Therefore, the full road maintenance funding gap calculated by the County is disproportionate to the perceived need by the voters.

This essentially leaves the County three choices: (1) pursue a funding package now for the full amount of the funding gap, recognizing that it has a very low probability of success, (2) do nothing until the condition of County roads worsen and voters perceive a greater need for increased funding, or (3) tackle the problem in phases over time, securing a limited (but hopefully politically viable) amount of funding in the short-term to address priority road maintenance needs and demonstrate the revenues are being spent wisely; then pursue additional funding in the future, if and when there is public support. We recommend the County consider the phased approach.

Traditionally, this type of incremental approach may be shunned because it does not fully ‘solve the problem.’ However, we believe that getting some increased funding is better than getting no funding at all, and we believe the phased approach is the best path to secure some increased funding at this time.

Furthermore, we recommend the County pursue only one funding source at a time, rather than a package combining multiple tools simultaneously. This makes the funding package as straightforward as possible, avoiding the confusion of multiple simultaneous ballot measures or a measure with multiple or complex provisions. The key to long-term success is finding a single

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revenue measure for the initial phase that yields sufficient, but not overly-ambitious, road maintenance funds for the County to successfully kick-start the long-term initiative. Depending on the success of the initial funding phase, the County may be able to consider a multi-source revenue package in subsequent funding phases.

Based on those findings, the ECONorthwest team identified the three options it believes most likely to succeed at this time.

- Vehicle Registration Fee
- Gas Tax
- General Obligation Bond

For whichever option the County chooses to pursue, we recommend that the tool be applied countywide, as opposed to just to the unincorporated areas of the County. That strategy (1) allows for more revenue at a given rate, (2) makes it easier to implement, and (3) is consistent with results of the DHM polling, which found voters preferred a countywide approach by a two-to-one margin over an unincorporated-only approach.

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## Vehicle Registration Fee

A County-imposed fee collected by the DMV to register or renew vehicle registration for most vehicles, including all passenger cars, light trucks, and motorcycles.<sup>2</sup> A local fee cannot exceed the rate charged by the State, which is equivalent to \$43 per year for passenger vehicles. Multnomah County is the only Oregon county currently imposing a local vehicle registration fee, charging \$19 per passenger vehicle per year. Oregon statutes require that revenue from local vehicle registration fees be shared between counties and cities (unless the cities agree otherwise), which would limit Clackamas County's share to 60% of total revenue generated.

### Revenue potential

At the maximum allowed rate of \$43 per year, the fee could generate a total of \$14.8 million per year, with \$8.9 million per year for the County's share. If, for example, Clackamas County imposed the same rate as Multnomah County, the fee would yield a total of \$6.5 million per year, with the County receiving about \$3.9 million per year for road maintenance. The County should not disregard the option of an intergovernmental agreement with its cities, establishing the County's share of revenue to be more than the 60% statutory baseline, or other provisions beneficial to the County.

### Political acceptability

Of the four sources tested in the DHM poll, the vehicle registration fee received the second highest amount of support, with 38% of voters saying that they would strongly or somewhat support a new vehicle registration fee to pay for road maintenance. However, the survey question did not specify an annual cost of the vehicle registration fee. More detailed polling may find stronger support for this tool if the rate is below a certain threshold.

### Pros

- Efficient to administer: State collects the tax and distributes to County, for a fee.
- Generally, the fee is viewed as a user fee, correlated to the use of roads.
- Creates a permanent (unless ballot measure includes a sunset provision) and consistently growing revenue stream, one that is not negatively impacted by improved fuel standards or electric vehicles.
- More likely than other options to garner support (or at least not organized opposition) from local cities, since they cannot implement a vehicle registration fee of their own and they would receive a portion of the revenue.
- Less likely than other options to garner organized opposition from business groups, since they would not be the direct target of the fee.

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<sup>2</sup> Counties are prohibited from charging local vehicle registration fees on numerous vehicle classes, including farm vehicles, vehicles weighing more than 26,000 pounds, antique vehicles, motor homes, and government vehicles, among others (ORS 801.041).

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## Cons

- Absent an intergovernmental agreement with the cities, the County has no control over the use of the City's share of revenue, making it difficult to explain to voters exactly what the fee would be used for.
- If the State takes action to increase the vehicle registration fee this year, it could increase public opposition to a county fee or could include a moratorium that outright prohibits counties from enacting a local fee.

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## Gas tax

A local tax on the sale of gasoline and other fuels, levied as a fixed dollar amount per gallon or as a percentage-based sales tax. This tax would be applied on top of the existing State and Federal gas taxes of \$0.30 and \$0.184 per gallon, respectively. Washington and Multnomah counties have local gas taxes, at rates of \$0.01 and \$0.03 per gallon respectively.

### Revenue potential

A countywide tax of \$0.01 per gallon would raise approximately \$1,433,000 in annual revenue. Therefore, a gas tax of approximately \$0.12 per gallon would be necessary to raise the full \$17.65 million annual funding gap identified by the County. Despite the fact that a gas tax of \$0.12 per gallon would likely cost most households less than \$10 per month, it is likely that public support for a gas tax will encounter substantial resistance at levels that exceed tax rates in neighboring counties. If Clackamas County adopted a gas tax of \$0.03 per gallon, equal to the rate charged in Multnomah County, it would yield about \$4.3 million per year.

### Political acceptability

Of the funding sources tested in the DHM poll, gas tax received the greatest support, with 40% of voters saying that they would strongly or somewhat support a new gas tax to pay for road maintenance. However, the survey question did not specify an annual cost of the vehicle registration fee. More detailed polling may find stronger support for this tool if the rate is below a certain threshold.

### Pros

- Received the highest level of public support in DHM survey.
- Washington and Multnomah counties already have local gas taxes.
- Efficient to administer: State collects the tax and distributes to County, for a fee.
- Fairness: the amount of tax paid is proportional to the amount of fuel used.
- The only option under consideration that would collect a portion of revenue from sources external to the County.
- Creates permanent revenue stream for road maintenance, unless ballot measure includes a sunset provision.

### Cons

- If the State takes action to raise the gas tax this year, it could increase public opposition to a county gas tax or could include a moratorium that outright prohibits counties from enacting a local gas tax (as was the case when the State last increased the gas tax).
- Likely to face organized opposition from the petroleum industry, which has opposed similar initiatives in other counties.

- 
- May face increased opposition in cities that have already enacted local gas taxes (Canby, Milwaukie, Happy Valley) or cities that plan to pass local gas taxes in the future.
  - Potential for revenue growth is limited by improving fuel standards and increasing popularity of electric vehicles.

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## General obligation bond

Subject to voter approval, the County can issue GO Bonds for qualified projects that are repaid over time by a property tax levy dedicated to debt repayment. With limited exceptions these bonds must be used for capital expenditures and not for operations (such as most maintenance activities). However, a portion of the County's road maintenance program includes road reconstruction and other items that may qualify as a capital expense. Provided bond counsel finds that certain conditions are met (for example, the useful life of assets funded with bond proceeds), these activities can be funded with proceeds from a General Obligation (GO) Bond issued by the County.

Capital maintenance items can be expensive and their cumulative funding requirement can be considerable over a number of years. To the extent bond proceeds used for capital maintenance frees up existing road maintenance revenues for other maintenance activities, the use of bond proceeds can benefit other road maintenance needs.

### Revenue potential

A countywide tax rate of \$0.01 per \$1,000 of assessed value would be sufficient to cover debt service on a bond for \$5.8 million.<sup>3</sup> For example, \$100 million of transportation project costs could be financed with a tax rate of \$0.18 per \$1,000 of assessed value. This tax rate would decline over time as new development creates additional assessed value in the County. For a home with an assessed value of \$200,000, this would result in an annual cost of \$36.

### Political acceptability

The DHM survey incorporated questions on a "property tax" and a "road district", but not a general obligation bond. As can be expected, the survey showed support of a property tax to be poor. And while it may be logical to link these sources because their underlying mechanism is the same, other survey research have found support for GO Bonds where somewhat equivalent property taxes were not supported; perhaps due to the specificity of what the bond proceeds would be used for (as opposed to general governmental activities), GO bonds are for a limited duration and do not continue endlessly, or other reasons.

### Pros

- GO bonds allow for a relatively large amount of short-term funding for a relatively low annual cost per household. The DHM poll showed that the annual cost was a major factor in determining public support for a transportation funding package.
- Any action the State takes this summer to increase statewide transportation funding is unlikely to prohibit the County from pursuing a GO bond, and is less likely to affect public support for this option, compared to a gas tax or vehicle registration fee.

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<sup>3</sup> Assuming a 20-year bond, and 4.0% interest.

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- Efficient to administer: the County already collects property taxes and no special district would need to be created.
  - GO bonds do not affect property tax compression losses, unlike a local option levy or permanent tax rate for a road district.

## Cons

- Property tax had a relatively low level of support in the DHM poll, with only 34% of respondents supporting the tool.
- Many transportation operations and maintenance activities would not qualify for GO bond financing, which can only be used for capital projects.
- While it may provide funds for projects that occur over multiple years, the GO bond approach does not provide a permanent and ongoing source of funding for operations and maintenance.



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County Counsel

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**Chris Storey**  
**Scott C. Ciecko**  
**Alexander Gordon**  
**Amanda Keller**  
**Nathan K. Boderman**  
**Christina Thacker**  
Assistants

MEMORANDUM

DATE: 24 February 2015

TO: Barbara Cartmill, DTD Director  
Diedre Landon, DTD Administrative Services Manager

FROM: Chris Storey, Assistant County Counsel

RE: Timeline for Road Funding Options

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You have asked for a summary of the critical deadlines for each of the road funding options under consideration at this time. To my knowledge, there are four main mechanisms under consideration for additional road funding. They are a (i) gas tax, (ii) vehicle registration fee, (iii) utility fee, and (iv) county road district. Each is outlined below:

*I. Gas Tax Timeline*

The gas tax is implemented via adoption of a County Ordinance. In the ordinary course, the ordinance can be proposed via a regular business meeting for first reading, and adopted 14 days later after a second reading. However, I understand that the BCC has directed that any implantation of additional road funding will be via voter approved efforts. In that case, the adoption of the ordinance would be proposed to voters.

Working backwards:

- The November 2015 election is held on **November 3<sup>rd</sup>**.
- **Friday August 14<sup>th</sup>** is the last day for the County to file an official referral with completed ballot title, question, and statement.

The process of approval of a referral resolution, and adoption of referred election materials, would need to be done before August 14<sup>th</sup> in whatever manner seems best. There are no other approvals or consents required to move forward from a legal perspective.

*II. VRF Timeline*

Much like the gas tax, the Vehicle Registration Fee (“VRF”) may be created by county ordinance. Again, I am assuming that the BCC desires to have voter input on the possible imposition of the VRF. Therefore, the same timeline applies, with certain precondition factors:

- The November 2015 election is held on **November 3<sup>rd</sup>**.
- **Friday August 14<sup>th</sup>** is the last day for the County to file an official referral with completed ballot title, question, and statement.
- ODOT asks for a minimum of 3 weeks to review and approve any VRF ordinance prior to adoption. I would recommend providing time for an initial review of the draft by ODOT, then allow for modification by the BCC, and preserve a final period for additional review if necessary of the revised ordinance. The target date of having a final resolution from the BCC for ODOT review would be **July 9<sup>th</sup>**.
- To leave sufficient time for ODOT and BCC review prior to incorporation into a ballot referral resolution, a draft ordinance would need to be submitted to ODOT on or around **April 30<sup>th</sup>**.
- To the extent we wish to change the allocation of the VRF from the 40% share with the cities, their consent would need to be received prior to July 9<sup>th</sup> consistent with the above timeline.

*III. Utility Fee Timeline (via County Ordinance)*

The imposition of a utility fee, which would cover only the unincorporated areas of the County, is done by County ordinance.

- The November 2015 election is held on **November 3<sup>rd</sup>**.
- **Friday August 14<sup>th</sup>** is the last day for the County to file an official referral with completed ballot title, question, and statement.
- There is no additional review or consents necessary for adoption of the utility fee ordinance.

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The process of approval of a referral resolution, and adoption of referred election materials, would need to be done before August 14<sup>th</sup> in whatever manner seems best. There are no other approvals or consents required to move forward from a legal perspective.

#### *IV. Road District Creation Timeline (May include Utility Fee)*

The process for creating a county service district is the most complex of the four options. A district may be proposed to cover the entirety of Clackamas County and indeed may include territory outside the County<sup>1</sup>. If the district would only cover the unincorporated areas, no outside consents are necessary. To the extent it is desired that some or all of the cities in the County are included in the District, each city council must adopt a resolution consenting to inclusion of the cities in the proposed boundaries of the district prior to the commencement of formation hearings. If there is a vote, however, it is a majority of affected voters needed, not a majority in each city that participates.

If the district is proposed with a tax rate, a vote is necessary. However, the district may also be proposed without a tax rate and generate revenue via imposition of a utility fee, which does not require a vote but is subject to referral. If cities are included in the district, this would be an available mechanism for charging a utility fee within city boundaries. My prior memorandum outlines the formal process that needs to occur; below is a revised timeline for the November 2015 election with the assumptions that it will be referred out to voters whether or not a permanent tax rate is included.

- The November 2015 election is held on **November 3<sup>rd</sup>**.
- **Friday August 14<sup>th</sup>** is the last day for the County to file an official referral with completed ballot title, question, and statement to allow 15 days for election challenges.
- Election Referral and 2<sup>nd</sup> Hearing's last possible date: **Thursday August 13<sup>th</sup>**.
- 1<sup>st</sup> Hearing's last possible date: **Thursday July 23<sup>rd</sup>**.

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<sup>1</sup> For territory outside the County to be included, we would have to procure the consent of the affected County's governing body prior to initiation of the formation process.

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- BCC resolution initiating consideration on formation petition last possible date: **Thursday June 18<sup>th</sup>**. An economic feasibility report showing projected revenues and expenditures for the first three years of the district's life and proposed legal boundary description must be completed by this date and included in the petition of formation.

If cities are included in the proposed boundaries of the district, the consents from each affected city's council must be received prior to June 18<sup>th</sup>.

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# the Road Ahead

Clackamas County  
Road Maintenance Outlook



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## SURVEY RESULTS AND POSSIBLE FUNDING PACKAGES

BOARD OF COUNTY COMMISSIONERS STUDY SESSION

JUNE 23, 2015

# Information to share and discuss

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1. Results of random sample telephone survey – *Ari Wubbold & Adam Davis, DHM*
2. Funding packages recommendations – *Nick Popenuk, ECONorthwest*
3. Timelines – *Chris Storey, Assistant County Counsel*
4. Options and recommendations from staff – *Gary Schmidt, Barb Cartmill*

# Survey methodology

- Telephone survey of 400 likely voters (2+/4)
- Conducted May 28-31st, 2015
- Averaged 10 minutes in length
- For a representative sample, quotas were set by age, gender, city, and political party
- Margin of error between +/- 2.9% and +/-4.9% at 95% confidence level
- Results are benchmarked against a Clackamas County transportation telephone survey conducted in March of 2014

# Who was surveyed? Quotas and statistical weighting provided a representative sample.

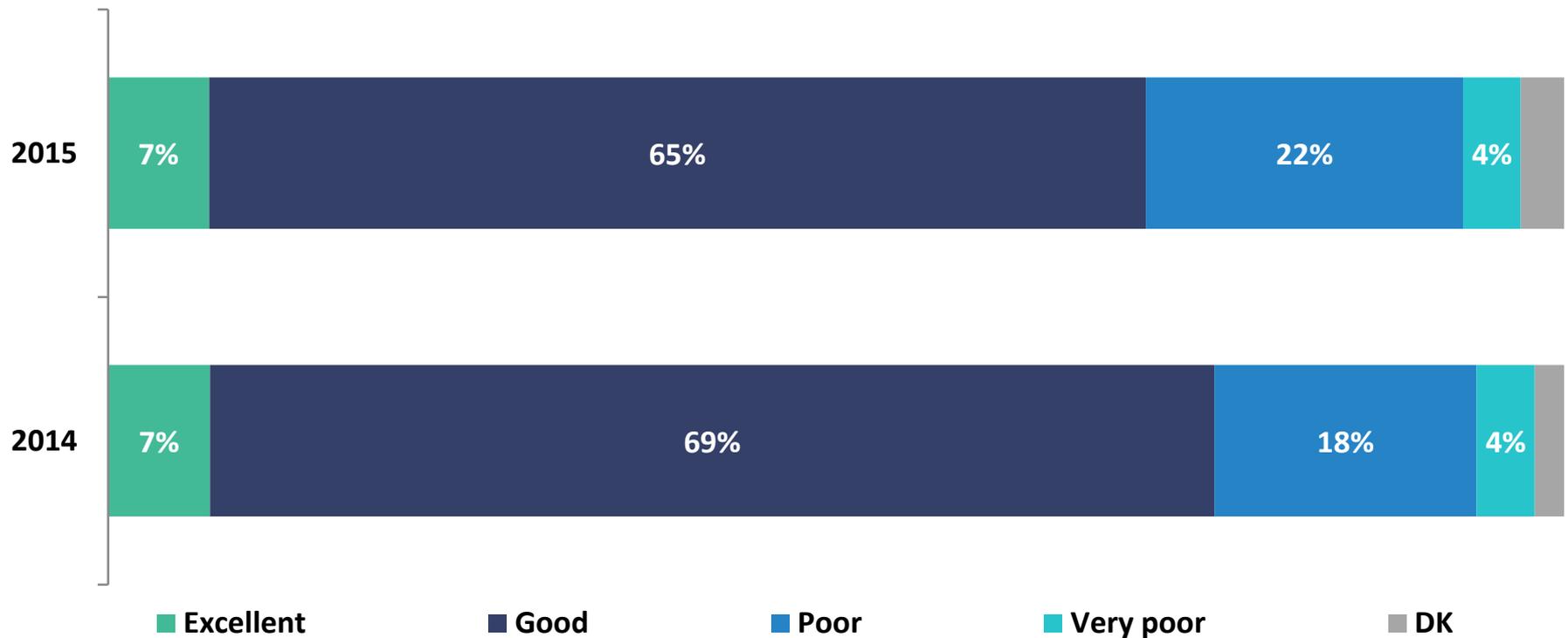
	2015 Transportation Telephone Survey	Likely Voters (2 of 4 – 4 of 4)
<b>Age</b>		
18-34	9%	9%
35-54	30%	30%
55+	61%	61%
<b>Geography</b>		
Lake Oswego/Milwaukie/Oak Grove/Gladstone	23%	23%
West Linn/Oregon City	15%	15%
Happy Valley/Damascus/Sandy	9%	9%
Wilsonville/Canby/Molalla	9%	9%
All others	44%	44%
<b>Gender</b>		
Male	47%	47%
Female	53%	53%
<b>Party</b>		
Democrat	41%	41%
Republican	39%	39%
Independent/Other	20%	20%

# KEY FINDINGS

# Road Maintenance and Conditions

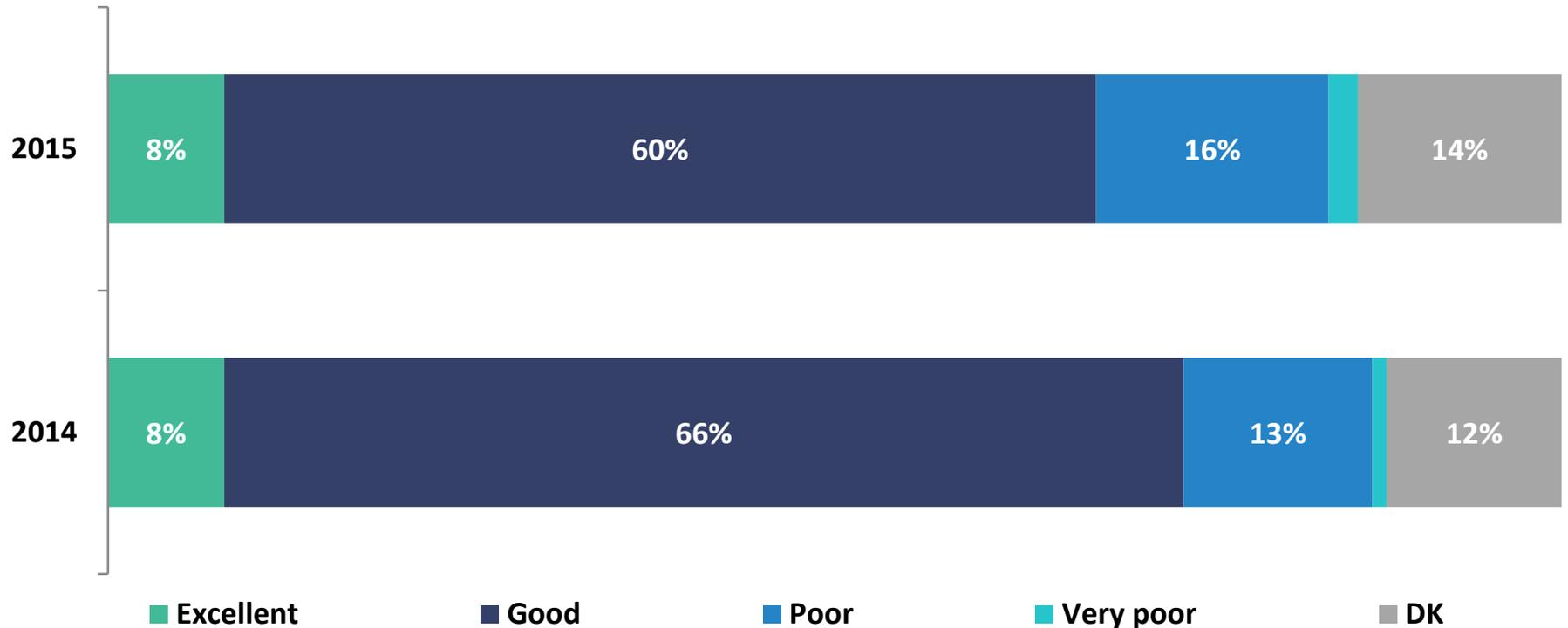
Roughly seven in ten voters felt the roads in their area of Clackamas County were generally in good condition, similar to 2014.

### Condition of the Roads in Clackamas County



Roughly seven in ten voters also said Clackamas County is doing an overall good job of providing a fair share of transportation maintenance services for their area of the county, down slightly from 2014 (74%).

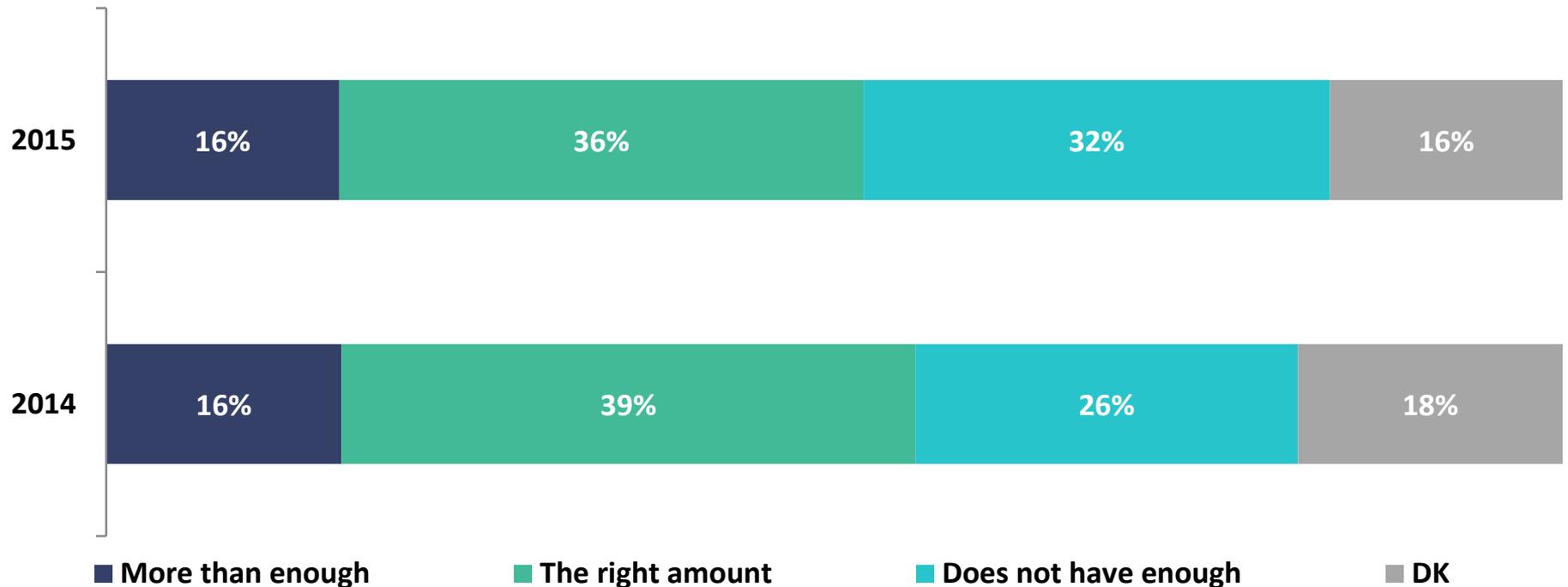
### Does your Area Receive a Fair Share of Transportation Maintenance Services?



# Funding for Road Maintenance

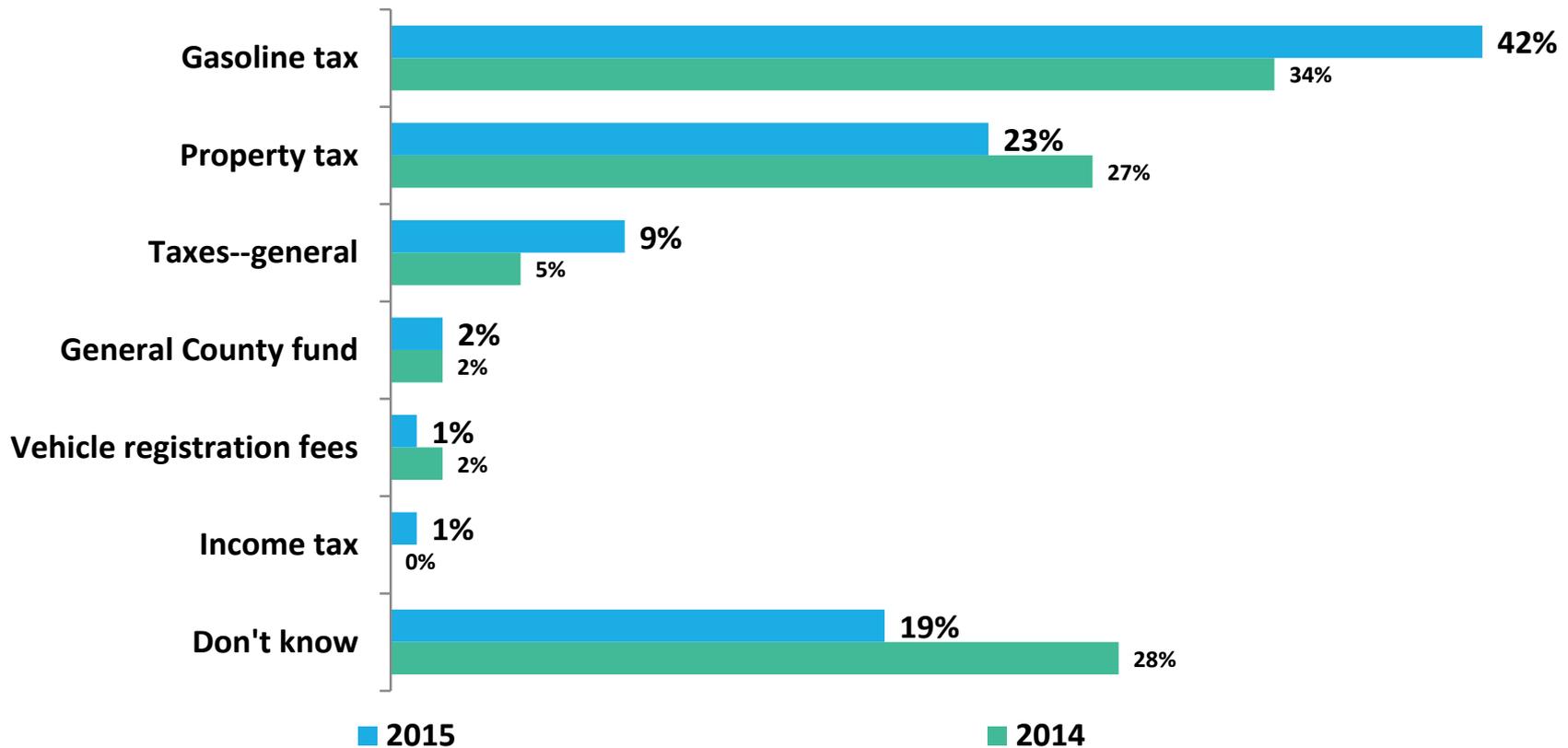
A narrow majority of voters (52%) felt that the County has more than enough or the right amount of funding to properly maintain roads, similar to 2014.

### County Funding Levels to Properly Maintain All Roads



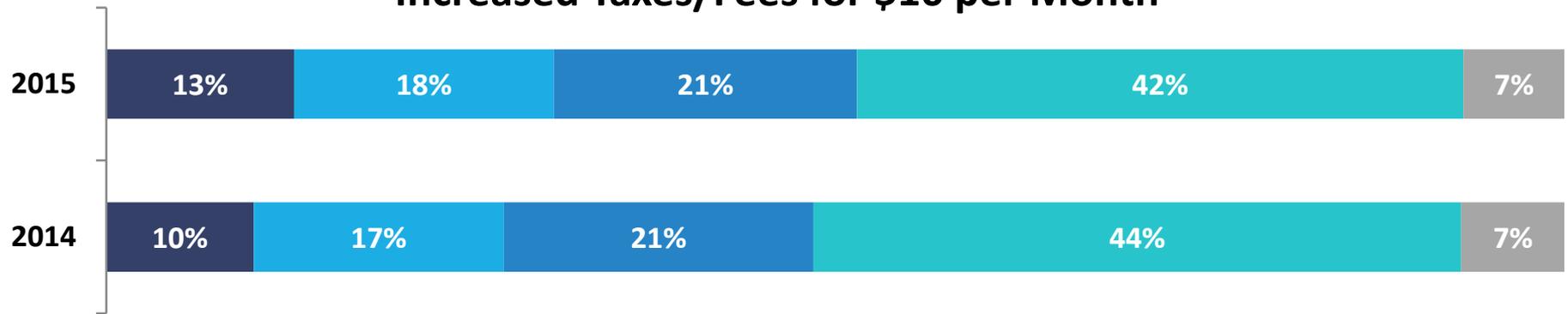
Same as in 2015, *gasoline tax* was the top funding source for road maintenance cited by voters (42%), followed by *property tax* (23%).

### Primary Funding Source for Road Maintenance

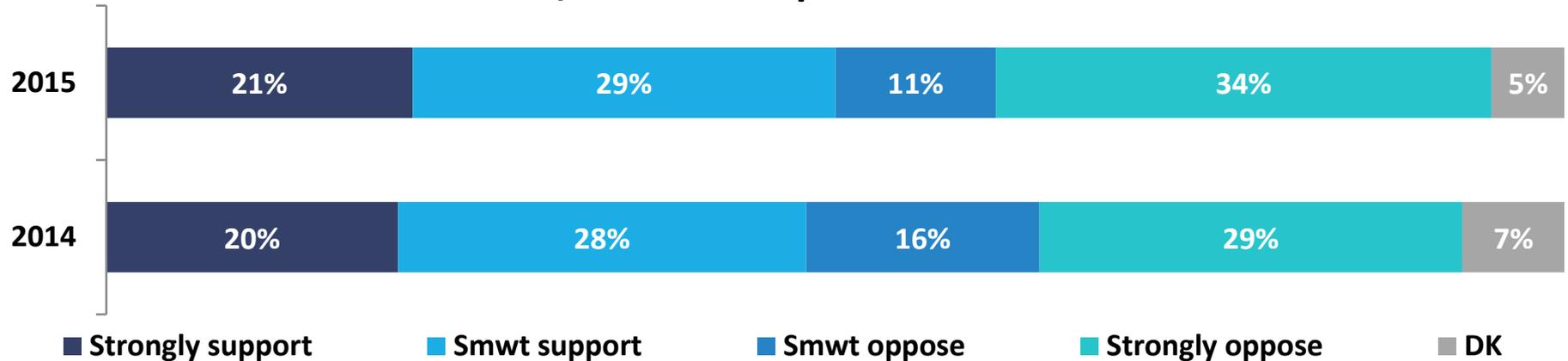


Overall, voters tended to oppose the \$10 tax/fee option and were split on the \$5 option. Results were similar to 2014.

### Increased Taxes/Fees for \$10 per Month

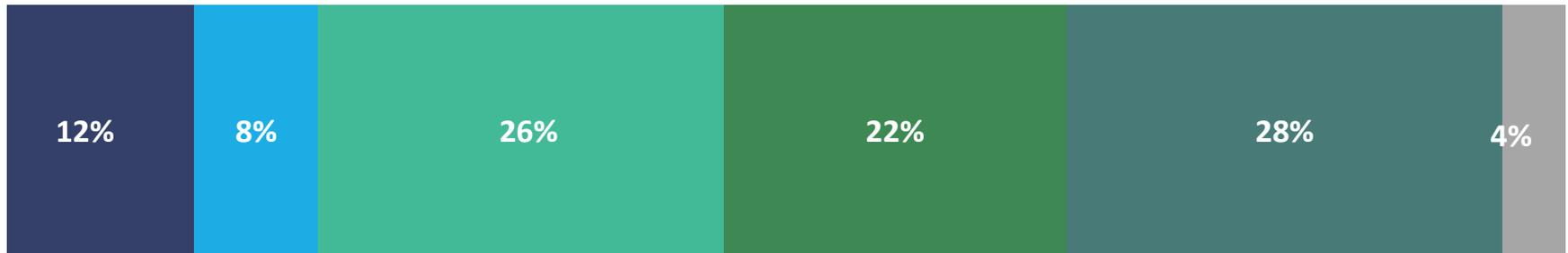


### Increased Taxes/Fees for \$5 per Month



When forced to choose their most preferred funding option, five in ten (48%) voters preferred the \$5 per month option, down from 58% in 2014.

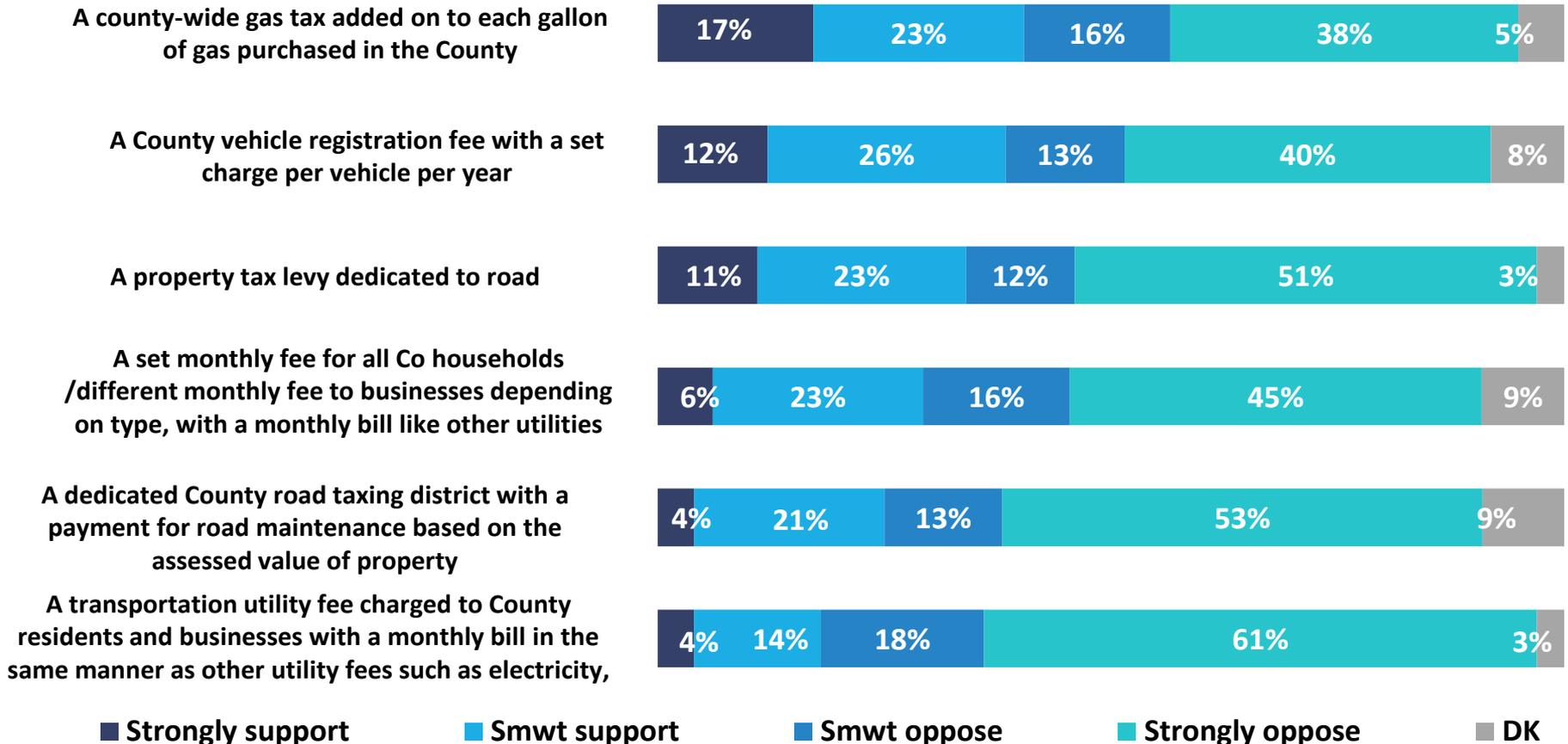
### Comparison of Support for Tax/Fee Amounts \$10 option vs. \$5 option



■ \$10/mo strongly support ■ \$10/mo smwt support ■ \$5/mo strongly support ■ \$5/mo smwt support ■ None ■ DK

A gasoline tax and a vehicle registration fee were the funding options that received the highest support from voters.

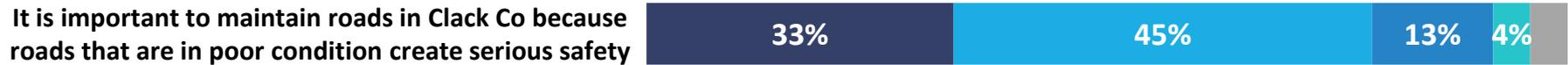
## Possible Options to Pay for Road Maintenance



# Reasons to Support Additional Funding

The top reasons for supporting additional funding for road maintenance in Clackamas County centered on safety concerns and investing in maintenance now to avoid spending more in the future on road restoration.

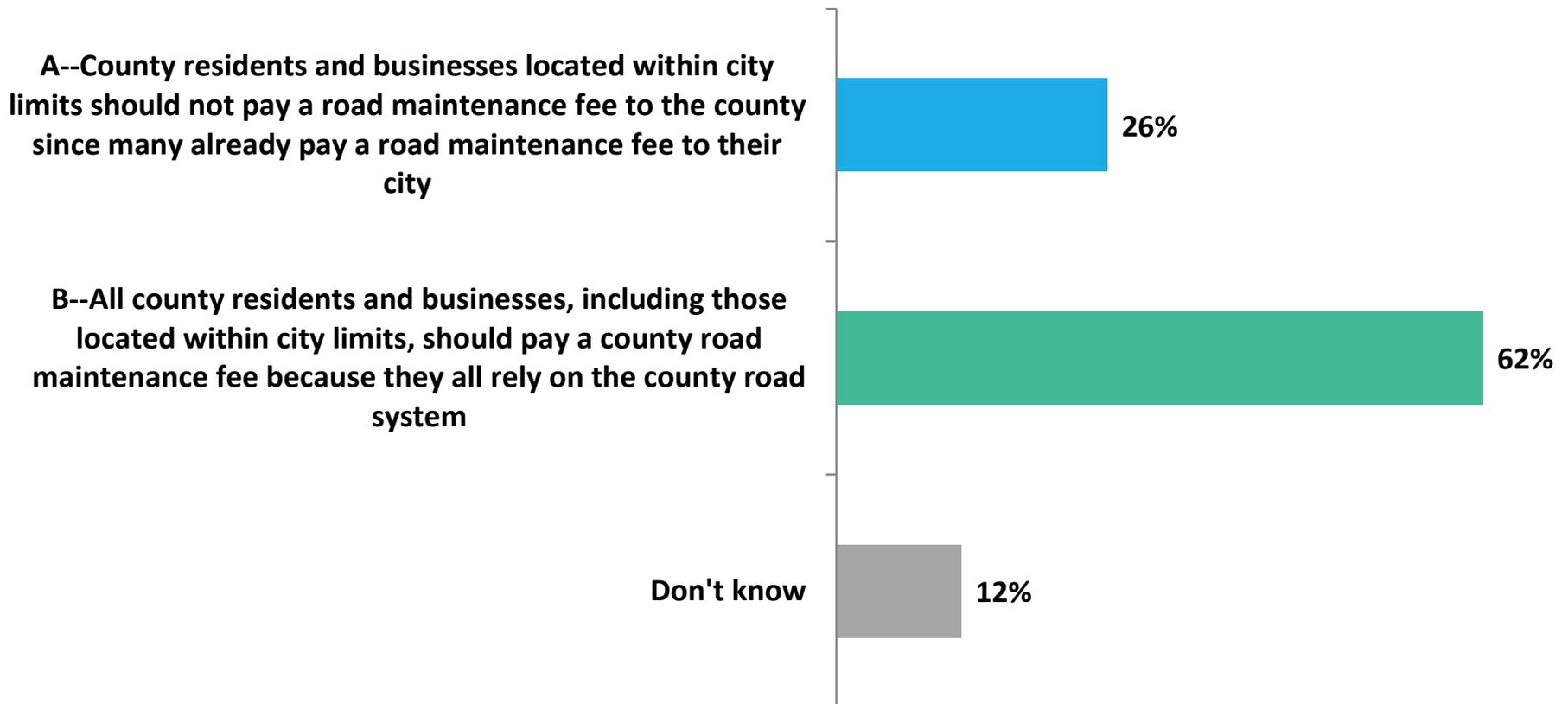
## Reasons to Support Increased Funding



Very good
  Good
  Poor
  Very poor
  DK

By a more than two-to-one ratio, voters were more likely to align with statement B (62%), saying that all county residents and businesses should pay a road maintenance fee, including those within city limits.

### Statement Agreement





Adam Davis & Ari Wubbold

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# Funding package background

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## Charge:

Provide our top 3 recommendations for a new funding source with a reasonable chance of passing a ballot measure to approve it.

## Analysis

- Technical and financial issues
- Public opinion research
- Review of past County analysis

# Key findings from survey

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- ❖ The public does not see a need for increased road maintenance funding.
- ❖ No general funding concepts surveyed were supported by a majority of respondents.
- ❖ Simple solutions have the greatest chance of success.
- ❖ Price matters.
  - 50% of respondents support \$5/household/month
  - 31% of respondents support \$10/household/month

# Findings

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The County's success in maintaining its roads appears to be impeding its ability to secure additional funds for road maintenance.

That leaves three choices:

1. Pursue a funding package now for the full amount of the funding gap, recognizing a low probability of success
2. Do nothing until the condition of roads worsens and voters perceive a greater need
3. Tackle the problem in phases over time

# ECONW Recommendation: #3 - Phase over time

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- ❖ Secure limited amount of short-term funding to address priority needs, demonstrate wise spending
- ❖ Pursue more funding later if and when there is public support
- ❖ Pursue only one funding source at a time
- ❖ Regardless of which option is chosen, apply it countywide
  - Allows for more revenue at a given rate
  - Easier to implement
  - Consistent with results of the polling

# ECONW recommended options

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- ❖ The following options are most likely to succeed at this time:
  - Vehicle registration fee
  - Gas tax
  - General obligation bond

# Vehicle registration fee: Overview

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## Description:

- County-imposed fee collected by the DMV to register or renew vehicle registration for passenger cars, light trucks and motorcycles.
- Cannot exceed state VRF, currently \$43/year/passenger vehicle
- Revenue must be shared between county and cities

Revenue potential: At maximum allowed rate (\$43/year), revenue = \$14.8 million/year, with \$8.9 million going to the County (unless a different amount is agreed to by the county and cities)

Political acceptability: Received second highest level of support in survey

# Vehicle registration fee: Pros and cons

## Pros

- Efficient to administer
- User fee, correlated to use of roads
- Could create a permanent, growing revenue stream
- More likely to get support from cities since they would also receive revenue
- Less likely to be opposed by business groups

## Cons

- Assuming there is no agreement with the cities, can't control and therefore difficult to explain what cities will do with their portion of the revenue
- If state increases the VRF this year, it could increase public opposition to a county VRF and/or prohibit a county VRF

# Gas tax: Overview

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## Description:

- A local tax on the sale of gasoline and other fuels (applied on top of state and federal gas taxes)
- Levied as a fixed dollar amount per gallon or as a percentage-based sales tax

## Revenue potential:

- 1 cent/gallon would raise \$1.4 million in annual revenue,
- 12 cents/gallon would raise the full \$17.6 million needed

Political acceptability: Received the greatest support in the survey

# Gas tax: Pros and cons

## Pros

- Highest level of support in survey
- Washington & Multnomah counties have local gas taxes
- Efficient to administer
- Considered fair – amount of tax paid is proportional to amount of fuel used
- Collects revenue from outside the county
- Could create permanent revenue stream for road maintenance

## Cons

- If state increases gas tax, it could increase public opposition to a county gas tax and/or prohibit a county gas tax
- Likely to be opposed by petroleum industry
- May be more opposition in cities that have or plan their own gas tax
- Revenue growth limited by improving fuel standards and use of low- and no-fuel vehicles

# General Obligation (GO) bonds: Overview

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## Description:

- With voter approval, the county can issue GO bonds for qualified projects that are repaid over time by a property tax levy dedicated to debt repayment.

## Revenue potential:

- Countywide tax rate of 1 cent/\$1,000 of assessed value would cover debt service on a bond for \$5.8 million.
- Countywide tax rate of 18 centers/\$1,000 of AV would raise \$100 million with an annual cost of \$36 (\$3/month) to the owner of a home valued at \$200,000

Political Acceptability: Not tested in survey

# GO bonds: Pros and cons

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## Pros

- Allow for relatively large amount of short-term funding for relatively low cost per household
- Any action on transportation funding taken by the state is unlikely to prohibit this option
- Efficient to administer
- Do not affect property tax compression losses

## Cons

- Property tax had relatively low level of support in survey as a source of road funding
- Many transportation operations and activities could not be funded this way because bonds may only be used for capital projects
- Does not provide a permanent and ongoing source of funds for operations and maintenance

# Timeline for November election

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August 14, 2015: Last day for the county to file an official referral with completed ballot title, question and statement for:

- Gas tax
- Utility fee
- Vehicle registration fee

July 9, 2015: Last day for county to send final resolution for a VRF measure to the Oregon Department of Transportation

# Staff options for BCC action

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1. Direct staff to pursue a ballot measure on Nov. 3, 2015 for a gas tax and/or a vehicle registration fee and/or a road utility district, and continue outreach activities
2. Direct staff to recommend later this summer a specific ballot measure for September or November 2016 for a gas tax and/or vehicle registration fee and/or a road utility district, and continue outreach activities
3. Direct staff to report back later this summer on the possibility of completing major maintenance projects using general obligation bonds

# Staff recommendation to BCC

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Approve the following two options:

2. Direct staff to continue outreach activities and return to the BCC later this summer with a specific recommendation for a September or November 2016 ballot measure for a *vehicle registration fee*
3. Direct staff to investigate the possibility of completing major maintenance projects with funds from *general obligation bonds* and report back to the BCC no later than this summer.