

LOCAL FUNDING STRATEGIES FOR BICYCLE / PEDESTRIAN NETWORK IMPROVEMENTS

The existing stream of transportation funding is inadequate to address the current pavement management and operational needs of the transportation system, AND improve the system to make bicycling and walking practical, efficient and safe ways for people of all ages and abilities

Approximately 70 percent of residents are served well by the current approach; they use a car. But for an estimated 30 percent of the city's residents, driving is not an option:

- they are too young to drive,
- elders may have aged out of driving,
- disabilities prevent some from driving,
- others can't afford to own a car (now estimated to be \$1,025 per month), and
- some, prefer not to drive.

Meeting the transportation needs of everyone in Ashland is complicated by a bias, for the past 100 or so years, toward auto-centric roadway investments and [Euclidian zoning](#). Combined they serve to make auto travel convenient, often necessary, and make alternatives difficult and dangerous.

While some may say that Ashland is bicycle and pedestrian friendly (which it is compared to our city peers), the reality is that only people who are "strong and fearless" bicycle (accounting for roughly 10 percent of the population). They are willing to risk life-altering injury or death by riding in proximity to autos and trucks. In contrast, upwards of [60 percent of the population](#) would use a bicycle for some of their in-town trips if we had a complete, all ages and all abilities bicycle network,

Oregon's land use planning laws require cities in Oregon to improve the extent, function, and design of bicycle facilities to reflect the needs of "all ages and abilities" ([OAR 660-12-0610](#)). That includes everyone, not just those brave enough to share the streets with cars. Similarly, the Rule requires cities to plan for a complete pedestrian network ([OAR 660-12-0510](#)).

But a great plan is worthless if not implemented. That's where the challenge lies. Virtually all the city's transportation funding is dedicated to maintaining and operating the existing streets: filling pot holes, sealing cracks, adding chip seals, replacing or reconstructing the asphalt, painting crosswalks, replacing signs, sweeping and plowing snow. There is too little money left over to create the bicycle and pedestrian networks that are needed to make these modes of travel practical, safe and efficient.

Local Transportation Revenue Sources and Expenditures

Ongoing maintenance and repair of the city's transportation system is expensive. Based upon Ashland's draft FY 2025 - 2027 Budget it costs approximately \$13,500,000 per year.

Transportation

Street Fund	\$26,309,648 *
Transportation System Development Charge	- \$730,261 **
TOTAL	\$27,039,709

Draft

The budget includes a brief description of these revenue streams.

"The **Street Fund** is a special revenue fund that accounts for the resources and operating expenditures related to the maintenance, operation and construction of the City's streets and storm water collection infrastructure. While a substantial portion of revenues come from user fees, the primary source is state-shared highway funds."

"The **SDC Street Fund** receives funding from one-time System Development Charges (SDC) imposed on new development. These charges are restricted in use for transportation capital projects that expand infrastructure capacity for new residents or customers." Source: [City of Ashland, Draft 2025 - 2027 Budget](#)

"Infrastructure capacity" includes improvements to the motor vehicle, bicycle and pedestrian networks provided they are listed in the city's system development system methodology document.

The table below, from the FY24-FY26 Capital Improvement Program (CIP) serves to illustrate how these funds are allocated.

Table 1 – FY26/27 Capital Improvement Program

Project/Activity/Mode	FY26	FY27	Source	Status
Roadway				
Hardestry Site Development	\$1,007,052	\$1,007,052	Local	secured
Clay Street	\$1,711,211	\$1,205,000	Federal	secured
Street Overlay/Reconstruction				
N. Mountain Ave.	\$1,500,000	\$3,500,000	Local	secured
Oak St.	\$1,000,000	\$3,500,000	Local	secured
Sidewalk/Pedestrian				
Beaver Slide		\$ 350,000	Local	secured
Bicycle				
B Street	\$ 75,000	\$	Local	secured
8 th St.		\$ 44,000	Local	secured
Hersey Street		\$1,000,000	State	unsecured

Excluding Clay Street, which is largely funded through federal sources, the CIP includes \$11,983,104 of locally funded projects, of which less than one percent (\$119,000) is dedicated to bicycle and pedestrian improvements. However, the generalized accounting, in the table above, does not detail the cost associated with improving North Mountain Avenue to include bollard protected bike lanes. The same may also be said about Oak Street although the cross-section design and, whether to add protected bike lanes, has not been determined but will be decided later this year.

The integration of needed bicycle and pedestrian improvements into the city's overlay/reconstruction projects is a recent change. Historically, pavement management (i.e. street overlay/reconstruction/chip seal) projects were focused exclusively on pavement life and no consideration was given to whether other improvements could be made simultaneously, at low marginal costs, to meet the needs of pedestrians and people riding bicycles. The 2024 improvement to Ashland Street was the first to reflect a multi-modal approach and added bollard-protected bike lanes, whereas previously it only included striped (i.e. painted) bike lanes (which were rarely used).

It bears noting that the cost to improve Hersey Street to include protected bike lanes is not included in the \$11,983,104 total. This project is highly speculative because it relies upon grant funding. It also bears noting that bicycle improvements on Hersey were included in the FY24/25 CIP and, during that time, grants for its construction were not developed nor submitted.

Bicycle and Pedestrian Funding Needs

The updated Transportation System Plan will provide planning level cost estimates for all "needed" improvements. An order of magnitude cost estimate for bicycle infrastructure improvements is in the neighborhood of \$20 million for on-street improvements (roughly 19 lane miles of protected bike lanes at \$1 million per mile). At the current rate of approximately one

mile of improvements per year, it will take approximately 20 years to have a complete on-street network. There isn't an estimated cost for the off-street multi-use trails as identified in Ashland Trails Master Plan nor are their current estimates for pedestrian improvements (i.e. sidewalks). In that light, the author has utilized a baseline revenue need of \$20 million in new revenue in the following sections of this report.

It is crucial to recognize that the improvement and financing of bicycle and pedestrian networks must be front loaded. That is, the completion of a safe and functional network must be done in the short-term whereas the financing the improvements can be extended over a much longer term (20 to 30 years). Given this fact, the city will need to either secure a revenue bond or utilize the [Oregon Infrastructure Bank](#) in order to provide near-term construction, while allowing subsequent repayment over the course of 20 or 30 years. In the following sections, it is assumed that the city will finance a \$20 million loan with a 30-year term, which at current interest rates, would require revenues of roughly \$130,000 month or about \$1.5 million per year.

Revenue Options

Below is a list of possible local funding sources. The listing may not be complete and, clearly, hasn't been vetted for political feasibility.

- 1) Local option gas tax ¹
- 2) Paid parking ²
- 3) Local bond measure ³
- 4) Food and Beverage Tax ⁴
- 5) [Utility fees](#) ⁵
- 6) Sales tax / meals tax
- 7) Jurisdictional exchange (N. Main/Lithia & Siskiyou south of Walker to the south city limits)

Included in the table below are estimates of the potential revenue generation of the various funding methods. The table is followed by a description of the methodology used to develop the estimate.

Table 2. Summary of Rates/Fees sufficient to finance \$20 million loan

Revenue Option	Rate	Measure	Multiplier	Estimated Revenue
Local Option Gas Tax	\$0.14	gallons	10,685,372 *	\$1,500,000
Paid Parking				
Business District	\$1	hours	627,000	\$627,000
Citywide	\$100	Annual parking fee per vehicle space	8,000	\$800,000
Total				\$1,427,000
Utility Fee	\$12	households	10,416	\$1,499,904
Food and Beverage Tax	5%	Food & beverage	NA	\$2 - \$3 million
Bond Measure	\$0.04615	assessed value	\$3,248,157,858	\$1,500,000
Jurisdictional Exchange	NA	ODOT one-time payment	NA	
North Main/Lithia				\$12,000,000 **
Siskiyou (Walker to S. City Limits)				\$ 8,000,000 **
Total				\$20,000,000

* 2024 – ODOT Fuels Tax Group

** Order of magnitude estimates

Methodology

Parking Fees

Parking fees are assumed to apply to all on-street parking throughout the city and city owned parking lots. Below is a discussion of assumptions that were made to produce the numbers shown in Table 2.

- 1) It is assumed that downtown parking revenue will be proportional to that of Bend which has an approximate one square mile parking district compared to Ashland's one-third acre Downtown Historic District. On that basis, parking fees in downtown relying upon the same \$1 per hour fee in Bend, would total approximately \$627,000 per year.
- 2) Residential parking permits are even more difficult to estimate because residents often use a curbside space as a convenience even though they have off-street parking

available (i.e. in a garage, driveway or parking lot). Ashland has somewhere around 100 miles of roads (excluding state highways and county roads). [source:

https://www.oregon.gov/odot/Data/Documents/OMR_2023.pdf] For example, a nearby residential street with only single family dwellings, near where I live, is about 475 feet long and typically has eight cars parked along its length. This would imply that cars are parked on city streets, on average, every 60 feet. If the same rate existed throughout town, it might mean that more 8,800 vehicles are parked on city streets. If the city required an on-street residential parking permit and charged \$100 per year for the privilege, it would produce revenues around \$875,000 annually.

- 3) The combined total parking fees would be approximately \$1.5 million per year.

It bears noting that the city has discussed requiring [unbundling of parking](#) for multi-family and commercial parking lots (i.e. requiring the parking fees be distinct and separate from payments for rental space). This idea is based upon the concept of fairness and an attempt to mitigate the high cost of housing. It is not economically justified, nor fair, to charge a person that does not own a car for parking as a part of their housing rent. Unbundling would rationalize the cost of vehicle parking (i.e. storage). Yet, without city residential parking permit fees, it would be likely that many cars that had historically been parked in off-street lots would simply be parked on-street location and avoid the off-street parking fee.

It is notable that Portland's transportation revenues are split 60% gas tax (including both State and local gas tax revenues) and 40% parking fees. See also Bend's approach

<https://parkingtoday.com/segments/municipal/bends-blueprint/>

Local Option Gas Tax

Thirty-three communities in Oregon have a [local option gas tax](#).

ODOT Fuels Tax Group reported that Ashland fuel stations pumped a total of 10,685,372 gallons of fuel in 2024 (includes E10, unblended gasoline and all biodiesel and diesel fuels). That compares to an October 1, 2007 City Council study session estimate that estimated Ashland gas stations pumped 1.2 million gallons each month (or 14,400,000 gallons per year). Based upon ODOT's reported gallons, a \$0.14 cents per gallon gas tax would be needed to yield \$1.5 million per year. That's higher than Portland's \$0.10 per gallon tax which is the highest in the state. It is notable that Senate Bill 687, currently under consideration in the Oregon Senate, would allow cities and counties to raise gas taxes without asking voters for permission.

Utility Fee

Based upon recent Ashland budget discussions, a \$5.00 per month bicycle/pedestrian utility fee would generate \$625,000 annually. To generate revenues at \$1.5 million per year would require the fee be set at \$12 per month or \$144 per year.

Food and Beverage Tax

The city of Ashland's Food and Beverage Tax generates between \$2-3 million annually. This tax, a 5% fee on prepared food and beverages served in restaurants and delis (excluding alcohol), was originally approved in 1993 and will expire, unless extended, in 2030. To generate the required \$1.5 million per year would require that approximately half to two-thirds of the revenue be allocated to bicycle and pedestrian improvements, which would severely constrain the city's ability to maintain existing street pavements, in so far as 75% of these funds are currently dedicated to this function. The other 25% of the revenues are allocated to the Parks and Recreation Department.

Local Option Taxes / Local Bonds - ORS 280.060 - Levy of local option taxes outside constitutional limitation

[Ashland's 2023/24 assessed value totaled \\$3,248,157,858](#). A rate of \$0.4615 per \$1,000 would generate \$1.5 million per year. Under ORS 280.969 the maximum tenure of the local option tax (i.e. bond) cannot exceed ten years and the bonds must match the same duration. To construct the needed improvements would require three successive 10-year ballot measures. These measures are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution (i.e. Ballot measure 5 and 50).

[Bend](#) (47 cents per \$1,000 of assessed value) and [Eugene](#) (63 cents per \$1000 of assessed value) utilize a local property tax measures (for both pavement management and ped/bike improvements).

Jurisdictional Exchange

ODOT payments to the city to accept responsibility for the maintenance and operation of North Main and Lithia, and Siskiyou Boulevard from Walker Avenue to the south city limits could total as much as \$20 million. ODOT's payments are meant to off-set the cost of the pavement management over the course of the next 20 years. These funds could, none the less, be utilized to complete the needed improvements to the pedestrian and bicycle network, which coincidentally, are estimated to cost approximately \$20 million.

Dedication of these funds for pedestrian and bicycle improvements would mean that other sources of revenue to maintain these streets would, in all likelihood, require an increase in the transportation utility fee.

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