



Transportation Maintenance Fee, City of Corvallis, Oregon

The City of Corvallis, home to Oregon State University, is a compact, highly livable city in the heart of Oregon's Willamette Valley. It has almost 60,000 residents who benefit from its healthy neighborhoods and network of parks and green spaces. Remarkably well-planned, the City has received numerous awards for being bicycle and walking friendly.

The Financing Challenges & The Indicative Solution

In 2003, when projections showed that cash reserves for street maintenance would be depleted in two years, the City Council realized a new revenue source was needed. To address this, the mayor appointed a task force of citizens representing 17 stakeholder groups. They concluded that because all residents in Corvallis benefit from pavement preservation, even if just for city services like mail and garbage pickup, everyone should help finance it.

Task force findings led to the creation of the Transportation Maintenance Fee (TMF). It was implemented by the City on July 1, 2006 after public approval was secured through an extensive outreach effort in the summer of 2005. The TMF had a sunset date of June 30, 2011 and fees were set for a five-year period based on estimated traffic from each property. For example, single-family homes will pay less than commercial businesses that generate large traffic volume. Traffic estimates were based on a nationally recognized model developed by the Institute of Transportation Engineers (ITE). To minimize administrative costs, the fees were included in monthly utility bills.

The TMF was so successful the City Council decided to continue it, with a few changes that went into effect July 1, 2011. Fees are now adjusted annually and the program is evaluated every five years to gauge success and appropriateness of the fee. It is now used exclusively for long-term pavement preservation on Corvallis city streets (local, arterial, and collector), with street construction supported by other sources.

The Transit Operations Fee

In February 1st, 2011, the Corvallis Transit System (CTS) became fareless. The Transit Operations Fee (TOF) replaced the support of CTS operations that previously came from property taxes and provided a stable source of local funding for matching State and Federal funds. Replacing property tax revenue with the TOF would eliminate funding competition with essential municipal services such as libraries, park and recreational facilities, and police and fire departments.

Implemented in 2010 by the City Council, the TOF provides major funding for CTS. For instance, it provided 22 percent of CTS transit operations revenue in Fiscal Year 2019-20. The rest of CTS funding comes from State and Federal grants, Oregon State University, and miscellaneous other sources. The TOF also replaces the fares on CTS and Night Owl buses—which became fare-free in 2011.



The TOF is collected monthly from all Corvallis utility customers. To determine fees, the TOF is indexed to the average price of a gallon of regular grade gasoline using the ITE trip generation methodology that estimates the average number of vehicle trips generated by a property. A trip is the one-way travel from a starting point to a destination, and a single-family home in the model generates an average 9.6 trips a day. Like the TMF, single-family and multi-family residential customers pay per housing unit and less than schools and businesses who pay more, based on their type and size.

The fees are included on monthly utility bills and the City reviews them annually based on fuel prices. The review compares the TOF for a single-family residential customer with Oregon's average price for a gallon of gasoline from January to December of the previous year. If the average gas price is higher, the fee will go up on February 1; if it is lower, the fee will go down, though it will never fall below the base rate of \$2.75 per month for single-family residential customers.

The City generated approximately \$910,000 in Fiscal Year 2018–2019 with the TOF. About \$400,000 annually replaces the property tax revenue that supported CTS in the past, and this revenue is now available for other municipal services.

Source: [Corvallis, OR](#)