

# WFL OPERATING & MAINTENANCE FUNDING OPTIONS

## Marine Board

The Marine Board is funded by registration, title fees and marine fuel taxes paid by motorized boaters. The bulk of their revenue from registrations and fees are derived from a biennial motorized registration fee. Currently the fee is \$4.50/foot with an additional \$5.00 that goes to Aquatic Invasive Species Prevention (AISP). We estimate that the Marine Board receives about \$16.8 million annually from registration and other fees (43.1% of total revenue) while the AISP program accounts for another \$1.6 million.\*

Due to declining revenue from motorized boating registrations and fuel tax combined with increased demand for better waterway access and infrastructure, the Marine Board put forward HB 2320 in 2017 which would have started a program solely dedicated to improving non-motorized waterway access and infrastructure. If it had passed, the program would have established non-motorized fees based on a weekly, annual or biennial registration. However, the bill was controversial in that it also required people floating in inner tubes, air mattresses and pool toys to wear life jackets and would have included fees for all non-motorized boat lengths.

The Marine Board is back with proposed legislative concepts for the 2019 legislature. Among the proposals are a motorized registration fee increase from \$4.50/foot to \$5.95/foot. Implemented in 2020, we estimate this and related fee increases to generate an additional \$5.7 million in new biennial revenue for the Marine Board. Additionally, the Marine Board is proposing a new waterway access program, which would require permits for all boats 10 feet and over except motorized boats with a valid registration. The permits would be established for users based on weekly, annual or biennial options. This new program is estimated to generate new biennial revenue of \$2.95 million.

Marine Board expenditures are

broken down by law enforcement (40%), facility grants and technical assistance (28%), education, administration & registration (20%), aquatic invasive species prevention (4%) and safety & waterway management (1.5%). New revenue generated under the legislative concepts would be used to support waterway access in the form of grants, support AISP and additional law enforcement.

Given the Marine Board’s role in waterway management, the agency could have a role fully or partially supporting Willamette Falls Locks operations and maintenance. Our estimates indicate that, if successful, new legislative concepts could result in \$14.5 million in new revenue to the agency between now and 2025.

Marine Board Revenue Estimates*			
	Under Legislative Concepts		
	2018	2020	2025
Motorized Registration Fee/Ft	\$4.50	\$5.95	\$7.25
Motorized Biennial Revenue	\$16,800,545	\$22,514,176	\$27,585,785
Waterway Access Fees**			
Per Week		\$5.00	\$6.00
Per Year		\$17.00	\$22.00
2-years		\$30.00	\$40.00
Waterway Access Biennial Revenue		2,950,000	\$3,687,500
New Revenue Under Concepts		\$8,663,631	\$5,809,110

\*\* (Paid by non-motorized boats >10ft)

\*Estimates are derived from financial statistics published on the Marine Board website. More detailed analysis would require outreach to staff. Estimates ARE NOT OFFICIAL Marine Board estimates.

## WFL OPERATING & MAINTENANCE FUNDING OPTIONS

### State Transient Lodging Tax (TLT)/Travel Oregon

In 2016, the Legislative Assembly approved HB 4146, which increased the state lodging tax rate from 1 to 1.8 for four years and then sets the rate to 1.5 percent in 2021. The law also changed the structure of Travel Oregon budgetary requirements.

The percentage required to be spent on state tourism programs decreased from 80 to 65 percent and the maximum spent on regional tourism was increased from 15 to 20 percent. During the 2017-18 fiscal year, Oregon received \$38 million in TLT revenue and Travel Oregon distributed \$6.9 million in tourism grants.

Estimated State Transient Lodging Tax Revenues and Travel Oregon Tourism Program Budget			
	2015	2018	2021**
Net Taxable Receipts	\$1,859,080,000	\$2,112,060,333	\$2,399,465,785
TLT Rate	1.0%	1.8%	1.5%
TLT Revenue	\$18,590,800	\$38,017,086	\$35,991,987
Estimated Travel Oregon Tourism Program Budget			
State tourism (65%)	\$14,872,640	\$24,711,106	\$23,394,791
Regional tourism (Max. 20%)	\$2,788,620	\$7,603,417	\$7,198,397
<b>Total tourism programs</b>	<b>\$17,661,260</b>	<b>\$32,314,523</b>	<b>\$30,593,189</b>

\*\*Starting in 2021, Travel Oregon will have distributed the total \$10 million to the Oregon 21 grant, the fourth and final \$2.5 million will be distributed in 2020. Opportunity for WFL to receive next Competitive Large Grant.

Willamette Falls Locks may be eligible to receive a grant from state transient lodging tax revenues through Travel Oregon's tourism grant programs. For WFL, a grant through Travel Oregon could provide funding for capital improvements and/or early interim operating costs. One option is to model a grant after the Strategic Partnership/Oregon21 grant, a \$10 million grant awarded for preparations for the 2021 IAAF World Championships in Eugene. The Oregon21 grant is being distributed in \$2.5 million increments over four-years between 2016 and 2020 and is one of the primary reasons for the temporary increase in the TLT rate to 1.8%. As the TLT rate drops down to 1.5 percent in 2021, we expect state TLT receipts to decline by about \$2 million in revenue but still have a maximum budget of \$7.2 million for regional tourism projects.\*

### Local TLT

Based on preliminary conversations with staff from the Mt. Hood Territory/Clackamas County Tourism, it appears that the WFL would be eligible for both capital funding as well as operation & maintenance funding. Generally, funding is allocated on an annual basis (in part because transient & lodging tax revenues can fluctuate from year to year; moreover, a Board is generally reluctant to obligate future Boards to ongoing expenditures). That said, it is possible that the Board could authorize a strategic partnership along the lines described in the State tourism description above. Such a partnership could possibly provide for multi-year capital and/or operational funding.

\*Estimates are derived from financial statistics published in Travel Oregon's annual report as well as State revenue reports. Estimates ARE NOT OFFICIAL Travel Oregon estimates.

## WFL OPERATING & MAINTENANCE FUNDING OPTIONS

### User Fees

To estimate revenue under a user fee structure, we considered user fee models at other Locks systems, particularly the Fox River Navigational System in Wisconsin. As of 2015, Fox River collected an average of \$20,000 in user fees annually. Daily permits were \$6.00 for boats under 26 feet and \$12.00 for boats over 26 feet while annual permits were \$120.00 allowing unlimited lockage. Additional charges of fifty cents per person were assessed to tour boats for each lockage.

Additionally, we used historical lockage and vessel data recorded for year 2000 for the Willamette Falls Locks to estimate the number of potential users during the first years of operation. We used data for 2000 because it is the most recent available data for usage of WFL under a normal operating scenario before the Locks were closed for repairs or otherwise operated under limited service. In 2000, WFL operated for six months of the year with a total of 3,001 vessels passing through the Locks: 443 commercial vessels and 2,558 recreational and non-commercial vessels.

To the right is estimated revenue for the Locks assuming the level of usage in 2000 and under an example user fee structure modeled after the Fox River Navigational System and accounting for inflation.

Example User Fees Structure (Paid Per Vessel)			
Recreational Boats	Under 21 feet	Above 21 feet	
	Daily	\$5	\$8
	Weekly	\$8	\$16
	Annual	\$120	\$250
Commercial Boats			
	Annual	\$300	\$500
Tourist Boats	Under 100		Above 100
	Per person	\$1.00	\$0.50

### Revenue Under Example User Fees

Recreational Boats	<b>2020</b>	
	Daily	\$4,332
	Weekly	\$8,154
	Annual	\$8,510
Commercial Boats		
	Annual	\$5,000
Tourist Boats		
	Per person	\$19,650
<b>Total User Fees</b>		<b>\$45,645</b>

### Special District

Estimates below are calculated based on existing special district statute.

#### Estimated Revenue for Example Scenarios under Differing Levy Rates and Geographical Boundaries\*

Type of District	Total Revenue	Taxing Assumptions	Geographical Boundary
Transportation District	\$10 million	\$0.055/\$1,000 or average of \$14.00 per tax account	Residents within Portland metro (Multnomah, Clackamas, Washington).
Parks & Recreation District or Water Improvement District	\$2.2 - \$2.3 million	\$0.01/\$1,000 or an average of \$2.00 per tax account.	Assume all Portland metro counties. If include 50% of southern counties, accounts for additional \$100,000.
County Service District	\$300,000-\$700,000	Levy of \$0.0065 to \$0.015/\$1,000 or \$5.85 per tax account.	Clackamas County.

\*Compression not calculated. Averages of all tax accounts included in estimates.