Funding Working Group Summary of Short List of Funding Mechanisms to take to Council

Based on the discussion of Meeting #6, the following tier approach was used to understand the group's level of consensus on different funding mechanisms to bring forward to Council in June.

Tier 1 Mechanisms (Highest Level of Consensus and could be implemented in the near term)

1. Transportation Utility Fee (TUF)
    a. It is critical that the city maintain infrastructure and perform core services to meet community expectations.
        i. There is significant unfunded maintenance and its important to maintain our infrastructure, especially significant deferred maintenance with bridges.
    b. The rate of the fee can be adjusted to cover any portion of maintenance and core services. The rate can also be indexed to the Colorado Construction index or inflation to make sure that purchasing power does not decline.
    c. A TUF could come in the form of a two-part fee; a base fee for maintenance/core services and a second part devoted to specific, designated enhancements.
        i. There are different ways in which to allocate the second part of the fee. The city could provide a list of specific projects and costs in a prioritized order based on the city's Capital Improvement Program. Every 3-5 years the project list could be updated through an approval process with boards and council with public input.
    d. A TUF, depending on the rates, frees up the existing dedicated sales tax other unmet funding needs
        i. Vision Zero safety improvements and programs are a high priority for additional funding.
        ii. Another priority is improving maintenance of pedestrian-related infrastructure, such as snow and ice removal for safer median crossing and access to transit.
2. County-wide Transportation Tax
    a. Momentum is building regionally around a county-wide or regional transportation tax (likely a sales tax) and may be packaged as a Transportation and Affordable Living Tax to tackle both regional housing and transportation issues.
    b. It is important to remember that the state 110 ballot item passed in both Boulder and Boulder County and was a $0.62 sales tax for transportation
    c. This is considered one of the few ways to address the significant costs of regional corridor capital improvements and on-going transit and first and final mile services.
        i. Not all the cost would be funded locally as these projects depend on several different sources including state and federal money.

Tier 2 Mechanisms (Consensus with some caveats/issues to address/implementation concerns or that could be implemented in the mid to long term)

1. User Fees and Congestion Pricing
    a. User Fees come in various forms depending on at what point of the trip the fee is collected; i.e. cordon fee, dynamic pricing along corridors, or at the end of the trip at the parking space.

    b. Technology exists today to charge user fees and can be implemented to charge the user fee at different points of the trip. Congestion pricing is currently used on US 36 in the managed High Occupancy Toll (HOT) lane.
        i. Would have to evaluate the cost-effectiveness of collecting the fee at different parts of the trip to reduce the amount of revenue that is allocated to administering the fee collection.
    c. User fees would best be implemented in conjunction with regional multimodal and BRT/ transit projects come on line to ensure that viable regional and local first and final mile options exist for regional commuters.
        i. Implementing congestion pricing user fees only in and out of Boulder or within Boulder could place the city at an economic disadvantage, especially without new and improved multimodal regional options for non-resident employees in service.
    d. Local first and final mile improvements could be funded by a portion of the regional funding returning to local municipalities. 110 had a similar design with a portion of funds returning to local governments.
    e. The city would need to address and mitigate issues of equity and economic impact.
        i. One population discussed were lower-wage workers who often have the furthest commute distances due to housing affordability. Depending the technology used, such as transponders in vehicles, be used to provide imbedded discounts on user fees.
    f. Use fee rates could be set at a level that could incent behavior change and dynamically priced based on time of day or level of congestion. They could also be used to fund programs, like the EcoPass or vanpool subsidies for non-resident employees.
    g. Due to the significant revenue that can be generated by user fees, they could possibly replace all or some portion of the dedicated sales tax in the future.
2. Vehicle Registration Fee
    a. The city can change a fee upon annual vehicle registrations to vehicle registered in the city of Boulder
    b. The Climate Initiative Department has presented a vehicle registration fee based on fuel efficiency/fuel source to Council. The average fee of $42 would raise approximately $2.7 million per year.
    c. FWG acknowledged that a vehicle registration fee is a viable mechanism but there was less consensus on what it should collected on, i.e. vehicle efficiency or something else.
        i. It was discussed that a vehicle registration fee based on efficiency would be regressive in that wealthier residents could more easily affordable electric or higher efficiency vehicles and take advantage of existing state and federal subsidies
        ii. One idea from one FWG member would be to impose the fee based on value as a more progressive fee. The fee would be based on current market value and that the percentage and amount of the fee would decrease as the value decreases.
    d. Regardless of how a vehicle registration fee is designed, it will be important to address equity concerns for lower-income residents.
3. Curbside management/dynamic pricing fee
    a. A curbside management fee is a viable mechanism to continue to research and perhaps pilot so that it is ready when Transportation Network Companies' (TNCs), like Uber or Lyft, use of public ROW and curbside access increase.

b. The city is already working with companies that are developing the technology and structure to change fees in designated pick up and drop off locations with the intent of creating a pilot program.
c. Curbside management fees can also be charged on delivery vehicles that use public ROW to access curbs for loading and unloading
d. Fees can be designed to be dynamic to charge higher rates during peak hours of demand.
e. Revenue can be used to incent shared, electric advanced mobility future.

Tier 3 Mechanisms (Mechanism that are likely be considered at state or federal level and need to be kept on our radar)

1. Vehicle miles of travel (VMT) tax/fee
    a. A VMT tax or fee could change vehicle owners an annual fee or tax based on the number of miles driven.
    b. Colorado has already conducted pilots along with many other states.
    c. This tax or fee could over time replace federal and state gas taxes as essentially an annual user fee or tax.

Current and On-going Funding

The city will continue to use Access Districts to provide ongoing funding for programs and services through property taxes in specific areas of the city and will continue to collect impact fees and excise taxes from new developments. The city’s dedicated sales tax for transportation will also continue to be collected however there is a possibility of replacing it with a more predictable and stable source of funding in the future.