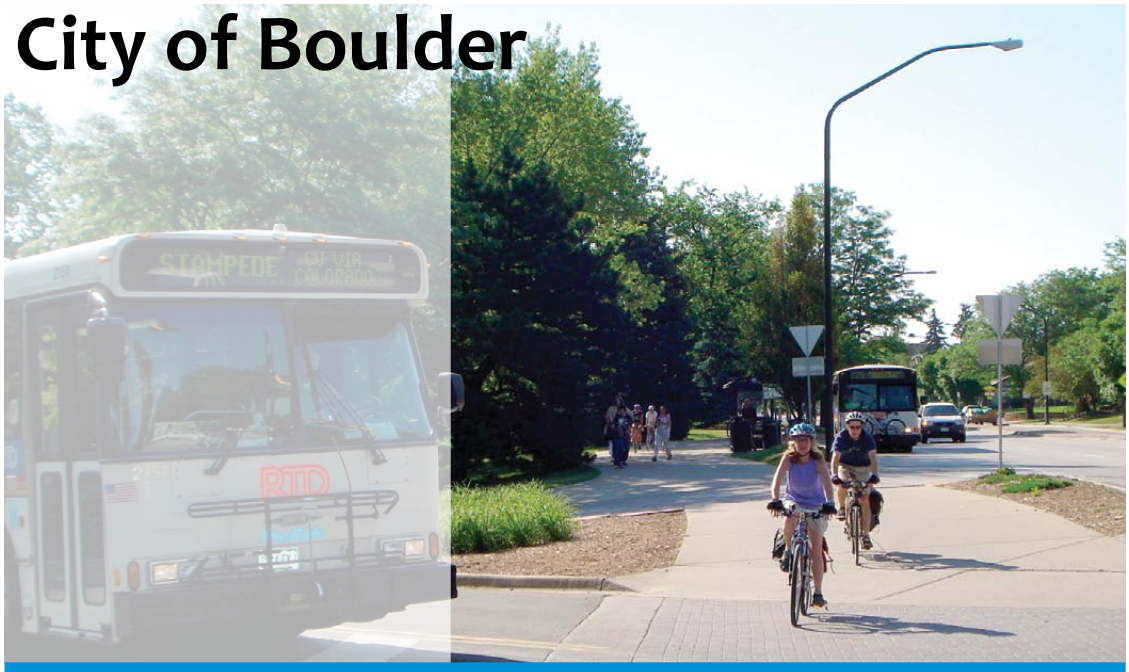
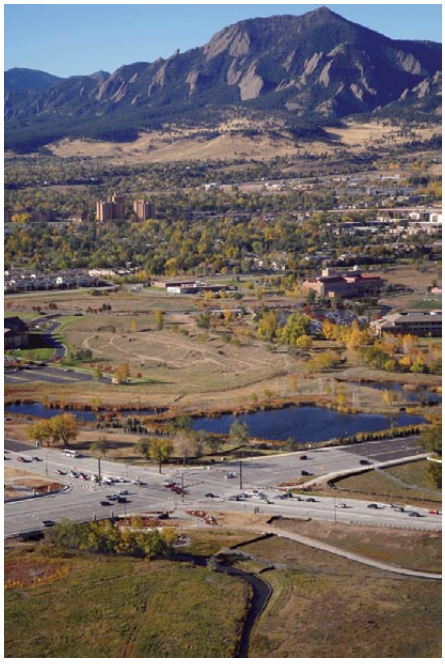
City of Boulder



Transportation Funding Report

Prepared by the Transportation Advisory Board, June 2009



CITY OF BOULDER

Acknowledgements

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Table of Contents

Recommendation of the Transportation Advisory Board

It's been an honor to be a part of this work looking at new transportation funding that could develop locally, helping Boulder reach key transportation goals spelled out in the Transportation Master Plan (TMP). Many thanks to Council for their support of transportation's importance to our community and their encouragement in this project.

The Transportation Advisory Board (TAB) and staff set out to create this report after Council's adoption of the Complete Streets updates to the TMP, identifying a midway point between the Current Funding and Action Plans for transportation investments. We wanted to provide some ideas about how the city might develop the more sustainable transportation-specific funding mechanisms needed to pay for the Complete Streets updates and fully fund the TMP. We felt that this report was the next logical step.

Over the past 6 months, the group met to learn about potential revenue sources and to talk through the feasibility of the options suggested here. We considered the appropriateness of the identified tools, how each would impact behavior, who would pay for them, how much could be raised. In the end, there was agreement on the specific tools and a variety of opinion about what the correct mixture should be. Based on our experiences, we advise the Council to act decisively and quickly to assure connectivity and mobility in Boulder by providing adequate, stable funding.

A lot of people have contributed to this report. The staff have been thoughtful and innovative in their approach to this challenge and it's been a pleasure working with them. The community participants have been generous with their time and their input makes this a well-rounded, enthusiastic recommendation. Thank you.

Boulder is lucky there is such broad commitment to our transportation goals. It makes for an exceptionally healthy and livable city no matter the mode of choice. These recommendations make clear that there are lots of challenges to be addressed. We hope this work helps illuminate the path to funding stability for transportation.

Respectfully submitted,

Myriah Conroy (chair)
Michael Deragisch
David Driscoll
Spenser Havlick (vice-chair)
Matt Moseley

The City of Boulder Transportation Advisory Board
June 10, 2009

Executive Summary

This report provides an overview of several potential sources of local funding for transportation-related projects in Boulder. It identifies the sources seen as most viable and suggests possible funding combinations. The creation of this report was hosted by the city's Transportation Advisory Board (TAB) and includes staff technical work and outreach to key stakeholders.

In 2006, a Blue Ribbon Commission was convened by the City Council to "establish a long-term, balanced and stable revenue stream for the city of Boulder that accomplishes public priorities while allowing flexibility to meet the varied and dynamic needs of the municipal corporation in the next twenty years." As part of its work, the commission identified several potential sources of local funding that were specific to transportation and suggested that they be "considered" or "researched."

This report builds on the work of the commission and examines the potential sources in more detail. Input from TAB members and stakeholders, informed by staff analysis, suggest that the most viable revenue sources are:

- Transportation Maintenance Fee
- Development Excise Taxes (DET) on new development and redevelopment
- Market-based revenue opportunities such as advertising on transit shelters and other infrastructure in the public right-of-way

TAB members and stakeholders also suggest that the Transportation Maintenance Fee could provide the majority of new funding, with DET, advertising and other more general sources of revenue (such as sales, property or head taxes) also contributing to projected transportation needs.

Other potential sources were identified by the commission and explored in the development of this report. For various reasons, these were seen as less viable at this time:

- Transportation fee assessed on parking spaces
- Vehicle miles traveled tax
- Local option gas tax

The challenges of funding our transportation system are significant, with transportation service costs increasing faster than anticipated revenues. The commission estimated that at current rates of growth, demands on transportation funding would exceed available revenue in 2010, and the problem would compound over time. The commission also noted a lack in diversity and stability of funding sources, as transportation is heavily reliant on sales taxes, which are volatile.

In November 2008, based on extensive work by the TAB, staff and stakeholders, the City Council approved amending the Transportation Master Plan to include a new Complete Streets Investment Plan. The package identifies the highest priority transportation services, programs and services between now and 2025. Funding the Complete Streets Investment Plan will require an additional $115.8 million in investments. Current estimates show that the Transportation Division, without new revenues, will have only $3 million to contribute towards these priorities. This financial reality (also known as the "funding pothole") led the TAB to initiate this report to explore options to meet the funding gap.

Policy and Planning

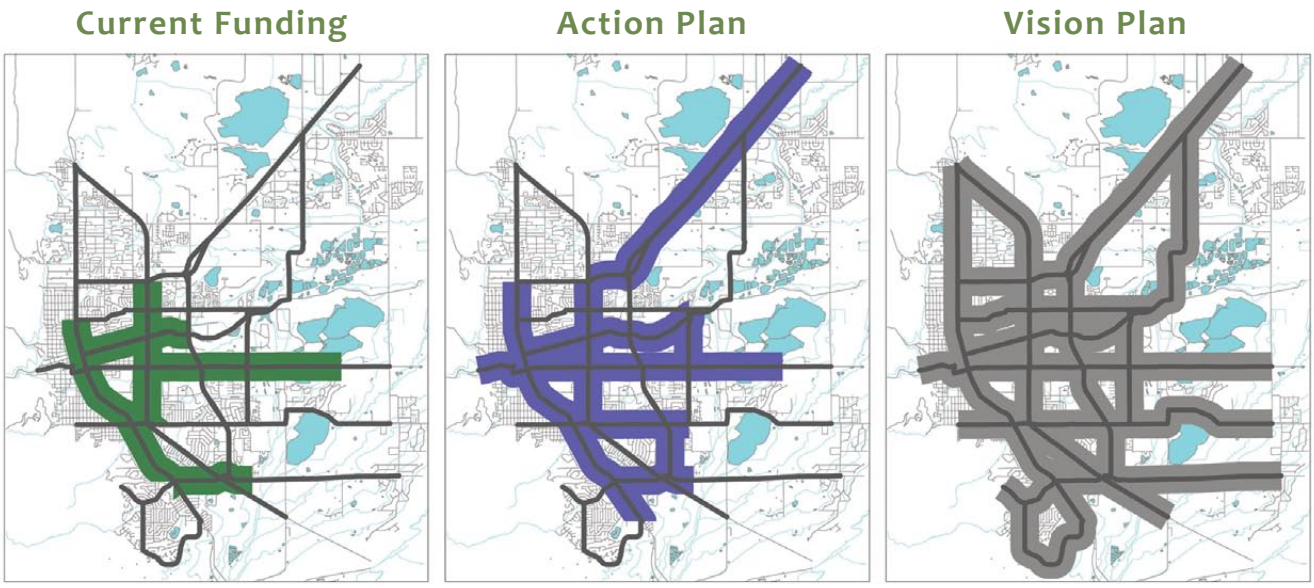
The city's approach to transportation in Boulder is stated in the Transportation Master Plan (TMP), a policy document first adopted in 1989 and last updated in 2008. The original document set forth a bold vision to manage the impacts of traffic by improving mobility in our community by increasing options to driving and reducing the use of single-occupant vehicles. This vision was further strengthened in 2006 when Boulder voters endorsed the Climate Action Plan, committing the community to reaching Kyoto protocols in greenhouse gas reductions by the year 2012. Transportation emissions account for 22 percent of greenhouse gas emissions in Boulder, so reducing emissions from driving is a key part of the plan.

In developing the TMP, the City Council looked at projections of growth in our community, and realized they could choose to widen roads to accommodate more cars, or they could expand mobility by providing a broad set of travel choices. The Council chose the latter, driven by a strong desire to maintain Boulder's unique quality of life, reduce impacts on the environment and chart a new course for transportation. The creation of the Community Transit Network with attractive buses running on 10 minute frequencies and a significant commitment to building a system of multi-use pathways and on-street bicycle and pedestrian connections have provided real travel choices. Over the past two decades, this fundamental shift has had a significant impact in Boulder, with 38 percent of work trips being made by means other than driving, compared with 24 percent on a national level.

Evolution of the TMP

The 1996 TMP update maintained the multimodal approach, clarifying that the pedestrian has priority in our system and setting objectives of continued progress toward ending long-term growth in vehicle traffic. The plan took an investment approach of building "multimodal corridors," or "complete streets", with the idea that our major arterials would be retrofitted to serve all modes of transportation, including pedestrians, bicyclists, transit users and automobiles.

The 2003 TMP update included three investment packages, a "Current Funding" package identified projects to be built and services provided through 2025 without additional revenues. An "Action Plan" identified the next level of priority projects,



The Transportation Master Plan focused on transforming major corridors into a system of complete streets that accommodate all modes. Current funding was estimated to be sufficient to transform 11 corridor segments by 2025. An Action Plan level of funding would fund construction of 10 more segments, with full buildout of the system (42 segments) possible under Vision Plan levels of funding.

focused on the multimodal corridors that would be built if additional money was available, and the "Vision Plan" outlined the full build-out of the multimodal system. Significant additional dollars would be necessary to fully fund this plan.

Following the adoption of the TMP update in 2003, a committee was convened by the city to explore options to fund the Action Plan. This Action Plan Task Force proved a valuable sounding board on the viability of various funding sources but did not reach consensus or issue recommendations. Since the original transportation sales tax was passed in 1967, no new local money has been identified to fund transportation activities. Furthermore, the original intent of the sales tax was for system expansion. In the 1970's, the city shifted operations and maintenance responsibilities for transportation from the General Fund to the Transportation Fund. Over time, the demands for operation and maintenance of the transportation system (plowing streets, filling potholes, operating traffic signals, etc.) has consumed the vast majority of the Transportation Fund. Increasing costs of transportation activities and lower-than-estimated revenues have meant that the city has not managed to keep pace with the progress anticipated in the Current Funding Investment Program in the TMP.

FasTracks and FLO

In 2004, voters approved FasTracks, a $4.7 billion dollar package of regional transit services on nine corridors in the metro area. Boulder is slated to receive commuter rail and bus rapid transit service, perhaps as soon as 2015. These improvements will provide significant new travel options to residents and workers. The 2003 TMP did not plan for these services, so a new planning project, called FasTracks Local Optimization (FLO), was undertaken to talk with the community about how these regional services would integrate into our community, including how people would reach the new rail and bus stations by bike, foot and local transit service. A series of meetings with stakeholders, TAB and council identified a list of new priority projects. The next challenge was to integrate the list of new projects into the existing TMP Action Plan. Since additional funding had

The FasTracks Local Optimization process brought together a variety of stakeholders to brainstorm improvements needed to maximize the value of the regional transit improvements in Boulder. Early action items were identified. The city has subsequently completed three of its four tasks, the final one is funding.

not been identified, it did not make sense to simply add the new projects on top of the existing Action Plan and increase the price tag. Instead, TAB, the FLO committee and staff worked to identify the highest priorities among the FasTracks-related improvements as well as broader community priorities, and to create a more strategic and streamlined set of transportation investments. At the same time, new analysis was showing that growing maintenance costs meant we needed to identify an additional increment simply to maintain our existing system to acceptable standards. These elements were combined to form a new investment program, bigger than current funding but smaller than the Action Plan. This new package was called the Complete Streets Investment Plan, in honor of the city's commitment to increase mobility for all modes of transportation. The Complete Streets Investment Plan identifies $115.8 million in high priority programs, services and infrastructure projects in a combination of operating and capital projects. Funding this package would require approximately $7 million a year in additional revenues through 2025.

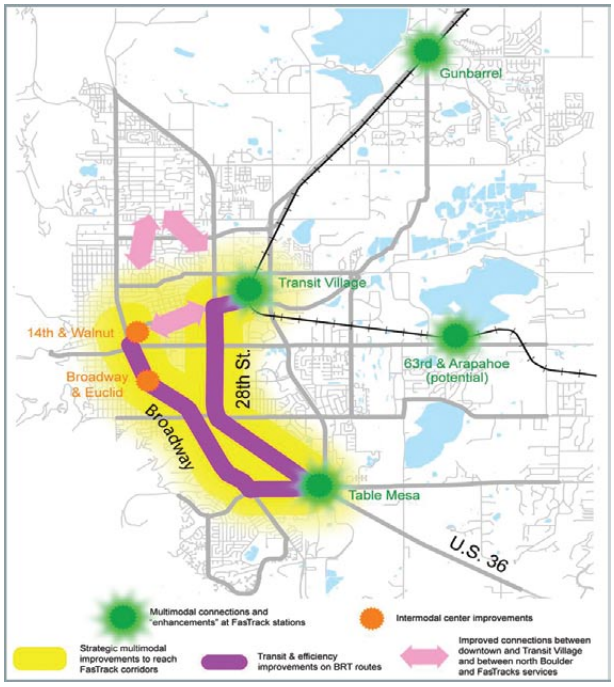
Complete Streets Investment Plan Investment Required 2010 through 2025 (in millions)

Capital projects: Community connections	$29.7
Capital projects: FasTracks	$30.2
Operate and Maintain the System:	$35.2
Infrastructure O&M: $20.0	
Continue local transit services: $15.2	
Expand Programs and Services	$19.1
Improve local transit services: $12.9	
TDM: Eco Pass, bike programs, etc: $6.2	
Planning & policy work	$1.6
TOTAL	**$115.8**

Funding Needed for Complete Streets Investment Plan 2010 through 2025 (in millions)

TOTAL COST	**$115.8**
Estimated Funding Available through 2025	$3.0
Total New Revenue Needed	$112.8
New Revenue Needed per Year	$7.0

Corridor Prioritization as Modified by FLO



The focus on FasTracks suggested a new priority for projects, with better access to major transit corridors, improvements at transit centers (the big dots) and improved bicycle pedestrian connections between north Boulder and the downtown area. These changes were incorporated into the Complete Streets Investment Plan.

In December of 2008, the City Council amended the TMP to include the new Complete Streets Investment Plan. They also supported a proposal by TAB and staff to take the next steps in identifying potential means to fund the Complete Streets Investment Plan. That decision resulted in the creation of this report, which provides a more detailed analysis on various potential transportation funding sources identified by the Blue Ribbon Commission on Revenue Stabilization. This committee was convened in 2006, comprised of community leaders, and given the daunting task of addressing the long-term financial health of the city organization.

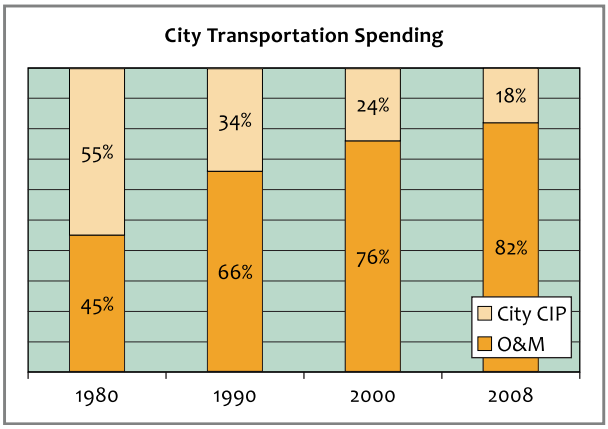
This report was written with the intent of providing City Council and the community with background, analysis and input on the most viable options for local transportation funding. Council has the challenge of balancing the needs of transportation with the many other needs across the city organization, such as police, fire, parks and recreation and the myriad of other services the city provides.

About Transportation Finance

Over time, the demand for transportation funding has grown faster than available resources. The city's Transportation Division has an annual budget of approximately $20 million a year, including outside sources such as federal grants, which are inconsistent based on flow of money from external agencies and are targeted for specific projects. The majority of the transportation budget is spent on operations and maintenance, meaning taking care of the existing system, including street resurfacing, snow removal and timing the traffic signals. The remainder is spent on enhancements to the system, such as new underpasses on our multi-use pathway system and adding turn lanes at busy intersections. A number of factors affect the transportation finance picture.

Maintenance needs are growing

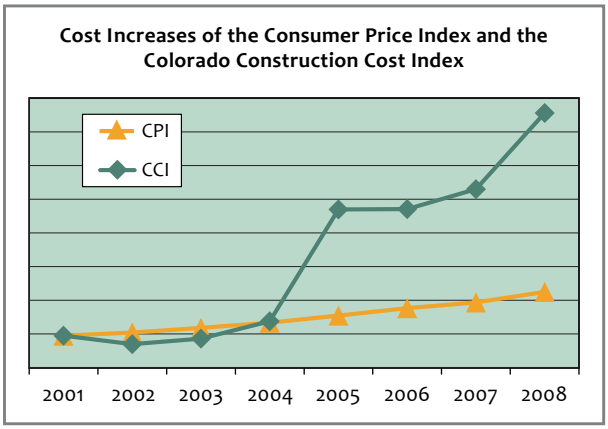
The top priority in the TMP is to maintain the existing system. In 1967, voters approved a $.006 sales tax to fund "transportation infrastructure improvements." At the time, maintenance was covered by the city's General Fund, mostly derived from other sales and use taxes. In 1979, a shift was made to eliminate General Fund monies from transportation, requiring that maintenance costs be covered by the transportation-specific sales tax. In 2009, approximately 75 percent of the transportation budget is committed to maintenance. Slowly but steadily the costs of maintaining the system have been consuming an ever-larger portion of the budget, reducing the city's ability to enhance the system. In time (as soon as 2010, according to the graph on the next page), needed maintenance and operations will be greater than the existing revenues. The TMP refocused the mission of the Transportation Division to include more operations-related efforts such as high frequency transit services, which require an ongoing investment from the city. The growth of the infrastructure network since adoption of the TMP has resulted in additional maintenance burdens, exacerbated by rising cost of materials and labor. Maintenance of the system is already at levels less than nationally recommended, and is projected to decline further.



The percentage of the city's transportation dollars spent on operations and maintenance (O&M) has been steadily increasing, with capacity for infrastructure improvements (Capital Improvement Projects, or CIP) declining. This graph does not include federal funding, which is highly variable from year to year and is granted for specific projects.

Costs are increasing significantly

Costs of transportation-related materials have skyrocketed, partially because of the demand for materials like steel and concrete from China and India and from the rebuilding efforts that followed Katrina and other natural disasters. Shrinking budgets on a state and federal level have led to a decline in revenues available from those sources. The industry-standard Colorado Construction Cost Index has tracked a 97 percent rise in costs from 2004 to 2008. In preparing cost estimates for the Complete Streets Investment Plan, staff inflated costs of projects 40 percent over 2003 costs, based on Colorado Construction Cost Index analysis, and an assumption of a more modest rate of growth in the costs of transportation projects in the future.



This graph shows that costs of transportation, as estimated by the Colorado Construction Cost Index, are growing significantly faster than the Consumer Price Index, the broader baseline of cost increases.

Flat revenues

As noted above, the primary source of transportation funding in Boulder is a $.006 sales tax on local purchases. In 2008, this source contributed $15 million to the transportation budget. Sales taxes dipped significantly in 2002 with the contraction of the high-tech sector (a key element in Boulder's business community). While these revenues have stabilized, they never returned to their former buying power. As the Blue Ribbon Commission pointed out, sales taxes are volatile and are likely to decrease in the future as Boulder's population ages and moves beyond the "age of acquisition" into more careful spending.

Estimates for the future

As part of the FLO process, city staff looked at how much money will be available in the future to invest in the improvements outlined in the Complete Streets Investment Plan. Estimates developed in 2007 suggested that approximately $20 million would be available between 2008 and 2025 to put toward the $115.8 million in identified needs. However, the economic downturn of 2008 and 2009 will likely result in significantly less being available. As of June 2009, $1.1 million annually has been cut from the year's transportation budget. Given that funding levels are unlikely to fully recover in the future, the estimate of available funding has been revised down to $3 million being available through 2025, assuming no additional funding has been identified. This leaves a gap of over $7 million a year between existing funding and the Complete Streets Investment Plan.

This $7 million annual gap has been dubbed "the funding pothole" and forms the basis for the assumptions used in the exploration of new funding outlined in this report.

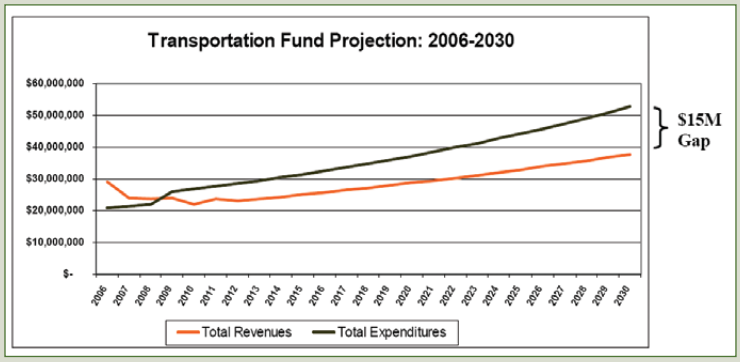
Blue Ribbon Commission, Phase I

In 2006, in response to five years of declining revenue and service levels, the City Council established a Blue Ribbon Commission, comprised of community leaders and economic experts, and charged them to:

Establish a long-term, balanced and stable revenue stream for the city of Boulder that accomplishes public priorities, while allowing flexibility to meet the varied and dynamic needs of the municipal corporation in the next 20 years.

Among their many findings, the BRC stated that:

> ***"sales tax productivity will continue to decrease due to a flat inflation rate associated with durable goods, durable goods diminishing as a percentage of personal consumption, changing demographics leading to fewer purchases of sales tax eligible products, and continuing increases in e-commerce. Conversely, the cost of municipal inputs will outpace revenue growth... These diverging trend lines create an ever expanding gap."***



> ***"... When looking at transportation revenue and expenditures, the gap widens even quicker. This is because transportation costs are expected to grow at twice the Denver-Boulder-Greeley CPI rate. Compound this over 24 years and we are facing a transportation gap of $15 million per year to essentially maintain the system. Our growth assumptions say we will have another 11,000 residents and 22,000 commuters on that transportation system."***

The Blue Ribbon Commission made over 30 recommendations and identified a number of funding sources that could be explored. The commission identified that a Transportation Maintenance Fee and an increase in Development Excise Taxes could potentially raise $60 to $80 million between now and 2025.

Funding Source Descriptions

In their report, the Blue Ribbon Commission identified a number of potential sources of funding for transportation related projects. In early 2009, the TAB and staff undertook an effort to further explore these funding options, including looking at the potential revenue raised, equity issues, how they relate to sustainability goals, legal considerations, political acceptance and other characteristics that may help guide decision-making. The following pages provide more details on each of the potential funding sources.

Building on work by the BRC, transportation staff compiled more information and performed further analysis, then coordinated an effort to seek input from TAB and key stakeholders. Two exercises were developed: A "thumbs-up, thumbs-down" approach helped identify which sources seemed most viable. An exercise using poker chips helped gather input on how various funding sources might be combined to reach the $7 million needed to fully fund the Complete Streets Investment Plan.

TAB members provided input at their regular meeting in April 2009, and a breakfast meeting of key stakeholders was held that same month. The stakeholder group included representatives from agencies, organizations and the business community. Many of the stakeholders also participated in the FLO effort and had some prior knowledge of the process and the funding challenges facing transportation. The input from these groups is summarized in the description of each funding source, with key comments and their general input on "thumbs-up or thumbs-down." Their thoughts on how to combine sources of funding follows in the "filling the pothole" section of this document.

It is important to note that this process acknowledged that transportation needs could also be funded from more general sources of revenue, such as sales taxes, property taxes, head taxes or other measures. While the focus of this process was to more fully explore the transportation-related possibilities, both exercises also provided the opportunity for participants to suggest these more general sources also be considered.

THE EXERCISES

Rating the Option: Thumbs Up, Thumbs Down

Participants were broken into groups of two to five people. They were given a large matrix, showing all of the potential funding sources. They were asked to discuss each and come to agreement on whether they felt the approach was viable. They were also asked to indicate if particular characteristics of a funding source was important in their decision-making. Groups were then asked to report back their findings by putting thumbs up or down (some chose sideways) on a master sheet and sharing their decisions with the larger group. Responses are shown on the following pages.

Filling the pothole, aka the poker chip game

Participants, again in groups of two to five people, were given a stack of poker chips and a game board that listed the various potential sources of funding. They were asked to work together to determine how they would fund the $7 million needed annually for the Complete Streets Investment Plan. They could fund it entirely from one source, or combine a variety of sources. Poker chips were used to indicate the amounts from each funding source. As with the previous game, the small groups then reported back to the larger group and explained the key principles behind their decision-making.

BRC Potential Funding Source:

Transportation Maintenance Fee

A Transportation Maintenance Fee (TMF), also known as a transportation utility fee, street maintenance fee, or street utility fee, is a monthly fee that is collected from residential and commercial properties within the city limits based on use of the transportation infrastructure. TMFs provide a stable source of revenue that can be used to maintain city streets, sidewalks, pedestrian crossings, bike lanes, multi-use paths, and medians. Generally, landscaping has been excluded since it is not considered critical to maintaining the transportation infrastructure.

Potential Revenues

The potential revenue from a TMF depends on the rates that are charged to residential and commercial property owners. The level at which rates are set is dependent on the approach taken. For example, TMF rates could be related to how much additional revenue is needed to offset increasing operations and maintenance (O&M) costs or to specific O&M programs and services that would be fully funded by the TMF. The fee rates can also be adjusted annually by a CPI inflation rate to account for increasing O&M costs over time. In 2008, transportation operations and maintenance costs were approximately $16 million.

The table on the next page describes four different TMF scenarios in terms of the revenue needed annually to pay for specific transportation activities as well as initial estimates for annual average costs per households, employers and employee. Funding for enhancement projects is not included in any of the scenarios. Cost estimates assume that one-third of revenue is raised from residential properties and two-thirds from commercial properties. If implemented, commercial rates would likely be based on land use, business-type, size and estimated trip generation.

Transportation Maintenance Fee

People said:

"Predictable, reliable source of funding"

"In-commuters don't pay"

"Create equity for different types of households?"

"Adjustable for businesses"

"Make it low for residences"

"No control over students"

"Concept is acceptable, details on allocation a challenge"

"Connects to overall travel impact"

"Logical source for maintaining current infrastructure"

"Strong nexus"

"More stable than sales tax"

"Could vote on this"

"Likely politically acceptable"

"System is relatively easy to set up, administer and understand"

"Maximize potential from this option"

Strong contender, with some equity issues. Definitely explore further.

Transportation Maintenance Fee Scenarios

TRANSPORTATION MAINTENANCE FEE SCENARIOS	SCENARIO A: STREET MAINTENANCE (LOVELAND, CO EXAMPLE)	SCENARIO B: FULL MAINTENANCE	SCENARIO C: OPERATIONS AND MAINTENANCE	SCENARIO D: PLANNING, OPERATIONS AND MAINTENANCE
Programs/services included in scenario	**Street maintenance** **Bikeway maintenance** **Sidewalk maintenance**	**Graffiti maintenance** **Median maintenance** **Street sweeping** **Snow and ice control** *Street maintenance* *Bikeway maintenance* *Sidewalk maintenance*	**CIP Management** **Overlay** **Street reconstruction,** **Bikeway capital maintenance** *Graffiti maintenance* *Median maintenance* *Street sweeping* *Snow and ice control* *Street maintenance* *Bikeway maintenance* *Sidewalk maintenance*	**Planning** **Traffic engineering** **Street lighting** **Signs and marking** **Transit Operations** **TDM and Eco Passes** *CIP Management* *Overlay* *Street reconstruction* *Bikeway capital maintenance* *Graffiti maintenance* *Median maintenance* *Street sweeping* *Snow and ice control* *Street maintenance* *Bikeway maintenance* *Sidewalk maintenance*
Est. annual cost	$2,000,000	$5,000,000	$7,500,000	$14,500,000
Est. annual cost/household	$15	$37	$56	$107
Est. annual cost/employer	$218	$544	$816	$1,578
Est. annual cost/employee	$15	$38	$57	$111

Assumptions and Sources

1. *Estimated transportation costs based on 5-year average (2004-2008) plus 2009 adopted budget (city of Boulder)*
2. *The number of households in Boulder= approximately 45,000 (Boulder Community Profile 2008)*
3. *The number of employers in Boulder= 6,120 (Colorado Department of Labor ES202)*
4. *The number of employees in Boulder= 86,870 (Colorado Department of Labor ES202)*

Benefits and Limitations

TMFs would be paid by both commercial and residential property owners and collected through their city of Boulder utility bill. The Blue Ribbon Commission suggested applying a flat rate to residential properties and exempting government and public school properties. For residential properties, fees could potentially take into account the number of occupants, bedrooms or registered vehicles per house. Incentives could be provided to residential property owners that reduced the number of vehicles registered to the address.

For commercial properties, the commission suggested basing fees on industry average daily vehicle trip generation data. TMFs for commercial properties can be assessed based on land use, square footage, or the number of employees. As an incentive to reduce vehicle trips (and to meet city transportation objectives), the fee could be reduced by a certain percentage through the implementation of an approved transportation demand management (TDM) plan. Periodic evaluations could be done to measure the effectiveness of TDM plans.

There is a large range of potential operations and maintenance (O&M) areas that could be identified for the use of TMF revenues. Decisions will need to be made to identify which specific O&M activities or facilities would use TMF revenues for all or part of their costs. This set of activities or facilities could include bikeways, sidewalks, medians, street sweeping, snow and ice removal, graffiti removal, resurfacing, and pothole repair, for example, but exclude landscaping or major street reconstruction. Maintenance of the transportation infrastructure ensures the safe and efficient movement of people, goods, and services which is essential to the city's economic vitality and environmental sustainability.

There would be costs (technical, administrative and legal) to establish a TMF in Boulder.

Political/Legal Constraints

TMFs have been ruled as a legal financing mechanism in the state of Colorado (Bloom v. City of Fort Collins, CO. 1989). The Colorado Supreme Court ruled that a "transportation utility fee" imposed upon owners or occupants of any developed lots or parcels of land within city for purpose of providing revenues for maintenance of local streets was not property tax subject to constitutional uniformity requirement, but rather was a special fee imposed upon owners or occupants of developed lots fronting city streets, which was reasonably related to expenses incurred by city in carrying out its legitimate goal of maintaining effective network of city streets. TMFs are usually based on trip generation rates developed by the Institute of Traffic Engineers. While the rates are estimates, they are generally used and nationally accepted.

To provide a greater range of options on how the revenue can be spent, a TMF could also be adopted as a tax instead of a fee. As tax revenue, expenditures would not need to be related to expenses incurred by the city in carrying out its legitimate goal of maintaining an effective network of city streets. However, adopting a transportation maintenance tax would require a vote.

Transportation Maintenance Fee Examples

Fort Collins, CO

Fort Collins proposed a TMF and defended it through the Colorado Supreme Court but then abandoned the utility in favor of an alternative transportation finance program focused on a dedicated sales tax for transportation maintenance. Based on Boulder's land use mix and the City of Fort Collins' rates (adjusted annually by CPI inflation rate), a TMF would raise an additional $2.3 million per year, according to the Blue Ribbon Commission report. The projected revenue is based on an estimated 41,000 residential properties paying $1.57 per month ($18.84 per year). For commercial properties, rates ranged from $18.22 to $174.14 per acre depending on land use category and associated vehicle trip generation. Approximately two-thirds of the total revenue would come from commercial properties based on the calculation used in the report.

Loveland, CO

The city of Loveland passed its street maintenance fee in 2000 and began collecting revenue in 2001 to defray the cost of properly maintaining city streets. From January 2001 to March 2008, the city has collected approximately $7.5 million from the fee. All revenue received from the fee is paid into the General Fund and must be used exclusively to pay the cost of maintenance of the city's streets and not for any general city purposes. No exemptions were made for schools or government buildings and the fees are collected with the monthly stormwater bill. As of 2009, Loveland's monthly rates are:

Residential per Dwelling Unit $1.38 (one-family dwelling, multiple family dwelling, mobile home, or manufactured dwelling).
Industrial per acre $15.32 (premises devoted primarily to manufacturing, storage, research facilities, warehouses, etc).
High Traffic Retail per acre $153.17 (any drive-through window or gas pump with more than 1,000 trip ends per day per acre).
Retail per acre $60.19 (retail establishments with average traffic volumes between 250 and 1,000 trip ends per day per acre).
Miscellaneous Retail $39.13 (retail establishments with less than 250 trip ends per day per acre).
Office/Institution per acre $19.88 (schools, hospitals, churches, nursing homes, and group care facilities).

Oregon

At least eight Oregon cities have implemented a transportation utility fee and it is most widely used in Oregon. However, it is not without controversy and it took Medford four years to pass their fee.

- **Hillsboro, OR:** http://www.ci.hillsboro.or.us/TUF/default.aspx
- **Oregon City, OR:** http://www.orcity.org/public-works/TransportationUtilityFee.html
- **Portland, OR:** http://www.portlandonline.com/transportation/index.cfm?c=45231

Case Study Report on Oregon TMFs: http://www.ashland.or.us/Files/LOC%20Investing%20in%20a%20Neglected%20Street.pdf

BRC Potential Funding Source:

Development Excise Tax

Excise taxes are charges on residential and non-residential development to cover new growth's fair share of capital improvements. The city currently has three different excise taxes, including a Development Excise Tax (DET). Under the existing mechanism, a specified portion of the DET is transferred to the Transportation Development Fund. The tax pays for the additional capacity needed on streets, bikeways, greenways, pedestrian facilities, grade separations and transit to serve the new development and the traffic it generates.

Potential Revenues

In 2003, the transportation excise tax generated $1.2 million. In 2008, the tax generated $600,000. The 2009 fee is $2,062 for single residential and $1,245 for multi-residential units and $2.28 per square foot for nonresidential. Builders pay the fee at the final inspection stage of the building permit process.

Predictions for future years are difficult because they relate to future real estate development activity. This tax produces a volatile and unpredictable revenue stream. However, DET can serve as a supplemental revenue source if matched with local government revenues.

Benefits and Limitations

This is a method for development to pay its fair share of the necessary capital costs of the transportation infrastructure. There is little relationship to behavior, as developers generally incorporate the fee into purchase or lease prices, making it essentially invisible to the tenant or purchaser. The fee is currently charged on the net increase in new traffic generated by a project. Currently, a redevelopment project is charged taxes for the difference between the traffic generated by the new development, compared to the development previously at the site. Because most of Boulder's development potential lies in "brown fields," or the redevelopment of existing sites, the revenue-raising capacity of this tax is limited. Some have suggested that this tax could be reconfigured to better correspond to the increases in value created by redevelopment rather than only looking at additional traffic generated.

Development Excise Tax

People said:

"Legally acceptable"

"Politically acceptable"

"Administration already in place"

"Can this be changed to use for maintenance?"

"Add to infill and redevelopment"

"Makes sense for new infrastructure"

"Already likely as high as it should be"

"Redevelopment is Boulder's future; any distinction in way assessed?"

"Do we really want more disincentives to development?"

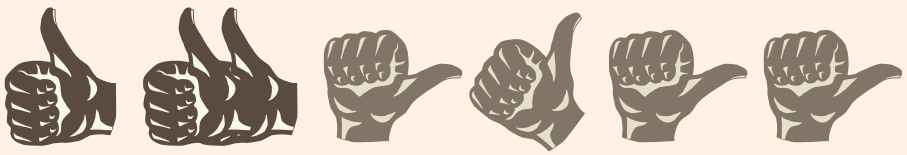
"Huge outcry from developers"

"Must include redevelopment"

"Funds capital"

"Add redevelopment to the program"

In general, support for moving forward. Modest source of revenue.



Any increases in Development Excise Taxes will most likely be incorporated into the purchase or lease price of the property, which could exacerbate the discrepancies that already exist between prices in Boulder and existing communities.

Political/Legal Constraints

A Development Excise Tax is in place. Rates must be legally defensible by being shown to cover costs associated with new development. Analysis in 2008 by TischlerBise indicated that the full costs of new infrastructure could legally be charged to new development.

There are two potential ways to increase DETs in Boulder:

A VOTE: An increase in transportation-related DET beyond the total ballot authorization would require a vote of the people. Putting the issue to a vote would allow the city to suggest modifications such as charging by unit size, charging for additions, or by type of non-residential use.

WITHIN EXISTING CAPACITY: The existing DET includes components for transportation, fire protection, parks and recreation, police, human services, and municipal facilities. If the non-transportation elements were shifted into impact fees, capacity would be freed up within the existing excise tax that could be allocated to transportation. This new capacity would not be adequate to fully fund the "fair share" of new development's impacts, but would be relatively easy to implement. At its June 2, 2009 meeting, Boulder's City Council discussed this item and supported implementing impact fees and allocating DET capacity to increase the transportation component.

Increases would likely be opposed by developers, but may be more acceptable to the general public because once the DET is in place, only modest administrative adjustments would be required.

EXAMPLES: A significant number of municipalities in Colorado impose an impact fee for transportation that is similar to the DET on transportation. Fort Collins has an "adequate public facilities" requirement that requires significant impact fees.

Excise Tax Study and Analysis

In 2008, consulting firm TischlerBise prepared an excise tax study for the city of Boulder. They analyzed the costs of a "new" trip on the system, as generated by new development. The study found that the entire cost of new infrastructure planned for the city could be legally charged to new development, at a rate determined by dividing the cost of the new infrastructure by the number of new trips that would be generated. This resulted in a very high cost per trip, which would translate to very high charges for new development.

Essentially, the TischlerBise study allocated all of the costs to new growth to pay for the build-out of the multimodal infrastructure that will benefit the entire community. As a follow-up, staff undertook an in-house analysis that resulted in what may be a more appropriate and defensible approach to allocating costs. The primary adjustment in the in-house alternative was to divide the cost of the new infrastructure by all trip-making in the community to get a cost per trip, regardless of who is making the trip (whether from existing or future development). This cost per trip is then applied to only the trips resulting from new growth to calculate the transportation excise tax. This approach seems to be more equitable, since the build-out of the multimodal infrastructure is driven by the desire to provide multimodal options for all Boulder residents and employees, as spelled out in the TMP.

Consistent with the in-house analysis, and assuming using only the capacity within the existing excise tax, the following changes could be implemented.

- no change to single-family residential Transportation Excise Taxes (TETs)
- an increase of 23 percent in multi-family residential TETs (from $1,245 to $1,528)
- an increase in 38.5 percent in nonresidential TETs (from $1.79 to $2.48)

While the in-house analysis found that a more significant increase in nonresidential TETs would be justified (up to $3.53 per square foot), only $.69 in capacity exists within the existing excise tax structure.

BRC Potential Funding Source:

Private Advertising in the Public Right-of-Way

Allowing for private advertising in the public right-of-way is a common approach used by many communities to generate funds that, in-turn, finance the installation of infrastructure and/or provision of services. There are a variety of applications of this funding approach that come with varying levels of benefits and impacts. Two approaches currently being considered, given their multimodal benefits, are advertising on transit amenities and bike share infrastructure.

There are currently a handful of private companies interested in negotiating the installation and maintenance of advertising transit shelters, bike share infrastructure and other amenities at highly visible locations throughout the city for an agreed upon period of time; usually 10 to 15 years. The revenue generated from advertising pays for the general overhead along with the day-to-day maintenance of the amenities. For a bike share program, this would include bike distribution management and maintenance. For transit shelters, this would include cleaning and repairs along with removal of trash and snow. RTD currently pays for day-to-day maintenance and repair of about half of the shelters in the city. Any RTD shelters that are replaced by advertising shelters would eliminate RTD's maintenance responsibility at that location.

Potential Revenues

Allowing for private advertising in the public right-of-way can generate a modest amount of revenue. In exchange for allowing a private vendor to lease advertising space on public property, it is common for municipalities to receive a negotiated percentage of the revenue that is generated by that advertising. For transit shelters this is usually around 10 percent or currently approximately $1,200 per year per advertising shelter. This revenue could be disbursed to the city or reinvested in non-advertising infrastructure

Private Advertising in the Public Right-of-Way

People said:

"Dedicated to something that needs $$"

"Voluntary, not an assessment"

"City code change required, may be hard"

"Would be improper in some quarters"

"Stable, relates to use per shelter"

"Self-selected by advertisers"

"Someone else pays"

"Supports transit ridership"

"Inconsequential amount of revenue"

"May be useful in focused area, with specific context"

"Easy to administer"

"Desire to control content would run into legal problems"

"Ick, ick, ick"

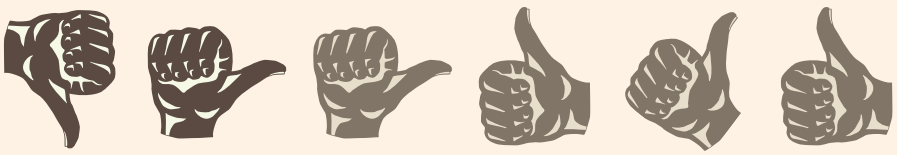
"No Pepsi advertising in Boulder"

"People wouldn't like it"

"Slippery slope or other advertising"

"Easy money"

Someone else pays for it, but the hassle may not be worth the return.



elsewhere. Replacing the 85 existing shelters located in the city with advertising shelters could generate approximately $102,000 annually or allow for the installation of seven non-advertising shelters every year.

Benefits and Limitations

In addition to sharing a portion of annual revenues, private companies would be contractually required to provide any ongoing maintenance associated with the advertising infrastructure. For transit shelters, this includes, but is not limited to:

- Trash removal
- Glass cleaning/replacement
- Updated transit information
- Snow/ice removal
- Other basic maintenance as required

For bike share, this includes, but is not limited to:

- Bicycle fleet repair and maintenance
- Fleet distribution
- Updated wayfinding information
- Other basic maintenance as required

Other than the obvious impact of increased advertising exposure and limited content control, there are several other limitations to consider before pursuing advertising infrastructure. For the transit shelters currently used throughout the metro area, this includes, but is not limited to:

- Inadequate shelter from the elements
- Inadequate space dedicated to transit information
- Failure of private maintenance to address trash/snow/ice removal in a timely manner

For bike share, this includes, but is not limited to:

- Inability of private operator to finance replacement of stolen/vandalized bicycles
- Inadequate distribution of bicycles
- Could require ongoing public investment

Political/Legal Constraints

Boulder's Revised Code, as it currently stands, places strict limitations on outdoor signs placed by private parties anywhere in the city. These limitations preempt the city's ability to contract with a private vendor to place advertising shelters and kiosks in the public right-of-way. There is, however, no specific language that prohibits the city's ability to place signs in the public right-of-way

Advertising on transit shelters in (from top) Toronto, Denver, New York, and Miami, with a conceptual design at the bottom.

itself. If, for instance, the city desired to recognize a local business or organization for its adoption of a transit stop or other facility with a city produced sign, it could do so under the existing code. The administration and maintenance of such a program, however, would generate additional expenses rather than revenue.

Action Items for Typical Implementation

The implementation of a transit shelter advertising program, or other market based revenue generator that utilizes advertising in the public right-of-way, would require an amendment to the Boulder Revised Code to specifically allow for the placement signs associated with the installation and maintenance of public facilities while still prohibiting other types of private signs. Language would need to be added to "8-6-11 Private Signs on Public Property" to include an exemption for "transit stop signs" and "bike share kiosk signs" in the public right-of-way. Specific guidelines and restrictions for "transit stop signs" and "bike share kiosk signs" would also need to be defined in "9-9-21 Signs".

Once the Boulder Revised Code was amended to allow for specific advertising infrastructure, a well-crafted Request for Proposals (RFP) would then need to be developed in order to ensure that the application of this strategy adequately addresses the many needs of the residents for which it is intended to benefit.

Elements needing particular close attention while revising city code and developing RFPs include:

- Adequate public benefit is gained by the advertising infrastructure
- Appropriate placement and distribution of amenities
- Provision of wayfinding and scheduling tools
- Appropriate revenue sharing agreements
- Provision of adequate levels of day-to-day and periodic maintenance

In Honduras, even traffic cones are used for advertising.

BRC Potential Funding Source:

Vehicle Miles Traveled Tax

Under a Vehicle Miles Travelled (VMT) tax, motor vehicle registrants would pay a tax based on the number of vehicle miles traveled per year. A number of factors could be used to determine the tax rate such as total miles, vehicle type, road class, or the time of day of the travel.

Potential Revenues

Under a statewide VMT tax, CDOT estimates that $506 million could be raised with a charge of $.01 per mile using 2008 VMT data. Within the Boulder Valley Comprehensive Planning Area, the estimated 2.7 million daily VMT would raise approximately $9.9 million at a charge of $.01 per mile.

Benefits and Limitations

Due in part to rising vehicle fuel efficiency and changes in travel behavior, Colorado's motor fuel tax revenues have slowed despite continued growth of vehicle miles traveled throughout the state. With inflation, motor fuel tax purchasing power is deteriorating as transportation demands and costs increase. A VMT tax is a potential alternative to the motor fuel tax.

A VMT tax could be assessed on all motor vehicles registered in Colorado counties or on specific motor vehicle classes. According to CDOT, the collection of VMT data is highly problematic if it relies on self-reporting or requires a significant investment in wireless data transmission technology. It is also possible to incorporate odometer readings into the emissions testing process, but this would significantly separate the time of payment from the behavior. In addition, under current policy not all vehicles are tested every year and there are a number of exemptions that would prevent annual data collection at emission testing centers. For example, vehicles made after 1981 need to be tested every other year and new vehicles are exempt for the first four model years.

According to the Colorado Department of Transportation (CDOT), administrative burden, technology, and voter skepticism are some

Vehicle Miles Traveled Tax

People said:

"Not ready"

"Not there yet"

"Pilot on local level, perhaps"

"Pilot on state level"

"Revenues could go down if successful"

"Would help stainability goals"

"Directly related to behavior"

"Big brother"

"Very hard to collect"

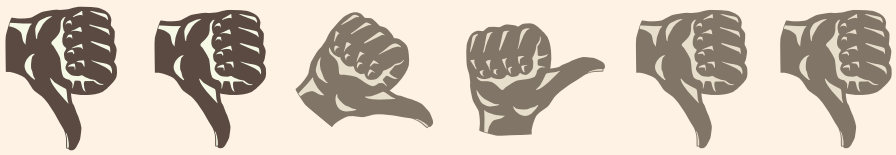
"Technology not there yet"

"Better at state level"

"Too complicated"

"Needs more work"

Not ready yet, maybe better at state or federal level.



of the factors opposing implementation. Issues to overcome include (1) retrofitting existing vehicles and/or mandating inclusion of technology in new vehicles, (2) fraud in self-reporting of odometer readings in lieu of retrofitting, (3) voter skepticism of "big brother" and privacy concerns, and (4) collection of tax "at the rack" versus "at the pump." A VMT tax would also be less cost effective and more susceptible to fraud if implemented on a local level. A VMT tax may need to be a statewide effort due to the capital costs of technology and administrative costs.

Political/Legal Constraints

Though an argument may be made that this charge represents a specific fee for services rendered by government, it appears difficult to implement this program without voter approval. Unless the tax can be defined as a fee, a vote would be required to exempt VMT revenues from TABOR restrictions on revenue growth. Article X section 18 of the Colorado Constitution also requires that any charge with respect to the operation of a motor vehicle upon the public highways be used exclusively for the construction, maintenance, and supervision of the public highways.

Recently, the Colorado Senate had considered funding a commission and pilot projects to study the adoption of a VMT tax as part the Funding Advancements for Surface Transportation and Economic Recovery (FASTER) Bill. However, according to the FASTER website, the Senate stripped out two key bill provisions: 1) allowing an automatic annual-inflation-adjustment of the vehicle registration fees; and 2) establishing a Mileage-Base Revenue (MBR) commission to study, design, develop and implement one or more MBR pilot projects (http://www.coloradofaster.com/index.cfm?page=about).

Examples

Oregon recently piloted a VMT fee program. In this demonstration, 260 volunteers were charged based on VMT and credited their state motor fuel tax at the time of fuel purchase. Participants were provided with a "mileage counting device" and required to fuel at select service stations. Preliminarily reported successes included "zone differentiation, mileage counting accuracy, transaction administration integration with gas tax collections, mileage data transmission at the fuel pump, and 91 percent acceptance by participating motorists." "Lessons learned" and "areas in need of further improvement" include "retrofitting of existing vehicles with mileage counting technology is problematic because technology applications for various vehicle makes and models are not standardized; technical assistance to fuel stations is needed on a continuous basis; need to improve the speed of cash transactions at the fuel pump; and need to improve mileage data transmission at the fuel pump to 99.99 percent accuracy."

BRC Potential Funding Source:

Parking Space Fees or Levy Off-Street or On-Street

The basic concept is to levy a fee on parking spaces. For off-street spaces, this could be a one-time, annual or monthly fee imposed on property owners per off-street parking space. Commercial property owners could pass this fee on to users in a variety of ways. In the on-street version, this concept would involve a charge to use on-street parking in a more universal way than parking meters. For example, residents might be charged for on-street parking if they do not have adequate off-street parking.

Potential Revenues

The city does not have an existing inventory of off-street or on-street parking spaces. Rough estimates of 2 parking spaces per 45,000 residential units and 1.5 parking spaces per each of 98,000 employees suggest that the city has about 250,000 off-street parking spaces. Annual fees at the bottom end of those charged by Australian cities are $180 per space, which would produce $42.6 million in revenue.

Benefits and Limitations

There are significant administrative costs associated with developing and maintaining a database showing off-street parking spaces per property and sending monthly or annual bills. A major obstacle would be the definition of a parking space for residential units given the combination of garage and driveway space.

Once established, parking space fees would generate a predictable stream of revenue. The fee could be combined with other programs to increase the incentives to reduce parking spaces and redirect the land into other uses, but this would need to be managed carefully to avoid off-site impacts and would require changes in the land use code.

This fee would impact all parking space users, including residents, businesses, commuters and visitors. It potentially would penalize

Parking Space Fees

People said:

"Good relationship to behavior – pay for what you use"

"Difficult and unpopular"

"Challenging to administer"

"How handled for commercial?"

"Transfer of driving cost to non-employees?"

"Not enough $$"

"Like the idea for commercial, not residential"

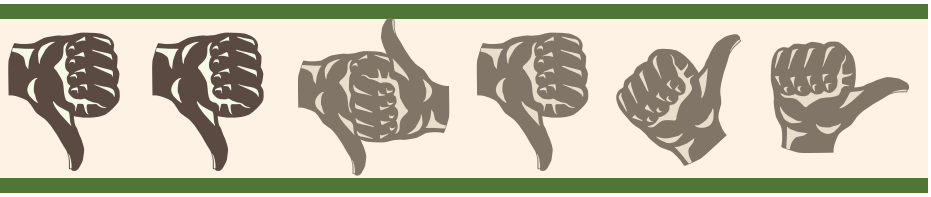
"City should expand charging for parking, certain types of parking and /or certain zones"

"People would hate this"

"City has parking minimums, now they'll charge for those?"

"On-street or off?"

Too controversial, too hard to count and administer



properties that have complied with city parking regulations and would benefit properties that have not. High tax generators with lots of parking (retail, lodging) are particularly impacted. It imposes a direct charge on a motor vehicle travel and an obvious incentive to reduce unnecessary parking, potentially impacting mode choice. Mode choice impacts are maximized if the fee is passed directly on to the vehicle driver in an immediate way.

This tool may be particularly useful in managing parking within multimodal corridors where travel options exist and travelers can reasonably use other modes.

Political/Legal Constraints

Fees for commercial properties would be about evenly shared between residents and visitors. Fees for residential properties would directly affect homeowners and would likely be strongly resisted. Parking requirements, parking conversion and land use sections of the existing code would likely need to be modified to maximize incentives for the reduction and reuse of parking spaces.

Examples

Parking space taxes on commercial parking operations are used by a number of US cities, including Santa Monica, Miami, Los Angeles, Chicago, San Francisco and Pittsburgh. Per space levies are charged by three Australian cities for non-residential urban parking, intended to encourage use of alternative modes and fund transportation facilities and services: Sydney (Parking Space Levy), Perth (Parking License Fee) and Melbourne (Long Stay Car Park Levy). Only Sydney applies the fee to all parking spaces, while the others apply it only to commercial spaces.

TransLink, the Vancouver, British Columbia regional transportation authority that builds and operates roads, transit facilities, facilities and other transport services, implemented a parking site tax in 2006. The initial rate is $1.02 annually per square meter of non-residential parking facility, which is typically $25-$40 per space. Assessment, collection and enforcement of the tax utilized the existing property tax framework.

Parking space taxes or fees have recently been proposed in Nottingham, England and Montgomery County, Virginia. TriMet in Portland, Oregon, proposed a commercial parking space tax 15 years ago as a funding source for transit improvements but it was not enacted.

BRC Potential Funding Source:

Local Option Gasoline Tax

A local option gasoline tax could potentially be imposed at either the wholesale or retail level. A wholesale tax is currently imposed by the state on distributors of gasoline, gasohol and diesel fuels. It is imposed at the wholesale level in lieu of a state sales tax on motor fuels. The current rate is $0.22 per gallon on gasoline and gasohol and $0.205 per gallon on diesel. As Boulder has little in the way of wholesale fuel operations, any local gas tax would reasonably be applied at the retail level. State law prohibits a local gas tax but allows for a specific occupation tax on the sale of fuel. This is a form of excise tax and in this particular application it would be imposed on transportation-related businesses, such as gas stations. It might be based on gallons of fuel sold, or the value of fuel sales.

Potential Revenues

In 2001, the state collected $531.5 million in motor fuel taxes. While no specific revenue calculations have been prepared for the city, as simple proportion based on population suggestions that the current state wholesale tax produced about $11.2 million in revenue in 2001 from the population in the city of Boulder.

Benefits and Limitations

Users of gasoline and special fuels would ultimately pay this tax, whether at the retail or wholesale level. The tax has the appeal that residents, visitors and businesses would all pay the tax as it is essentially a sales tax on fuel. However, as the transportation funding issue at the state and federal levels shows, this is a declining funding source as the vehicle fleet becomes more efficient and shifts away from fossil fuels. And as with any sales tax, it would tend to be regressive as lower income households spend more of their income

Local Option Gasoline Tax

People said:

"Probably not legal"

"Avoidance issues"

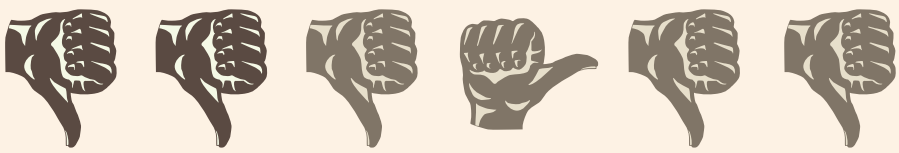
"People would drive to Longmont for gas"

"Needs larger area of implementation"

"Directly related to gas consumption"

"Hard to collect through state"

Probably not legal under current state law



on basic necessities such as transportation. The tax would particularly impact businesses in the delivery business or other businesses where fuel is a major expense.

If imposed at the local level, any tax on fuel would also be relatively easy to avoid by buying fuel in surrounding communities. This would put Boulder fuel retailers at a competitive disadvantage and likely significantly reduce fuel sales in town and the revenue available from this source. It would also require a new administrative system to impose and collect this new tax as the state is unlikely to assist in its collection.

Political/Legal Constraints

Under current law, only the state may impose a motor fuel tax. It would require a change in state enabling legislation to allow local governments to collect a motor fuel tax. It is unlikely that the state would willingly relinquish its sole rights to a motor fuel tax. Without this, a local gas tax rate increase would then need to be presented and defended as a specific occupation tax. Only home rule cities have the authority to impose a specific occupation tax. Examples are lodging taxes, based on room revenues and taxes imposed on cable TV companies, based on subscribers. Imposing an excise tax does not require extensive analysis of equity implications but there may be a question regarding the legal feasibility of this approach.

Consultants for the city did initial analysis on the feasibility of this options. They suggest that this concept, while technically not prohibited by state law/statute would be likely be extremely difficult to implement and may have several unintended consequences:

- The "fee" surcharge revenue may still be considered to be Highway Users Trust Fund revenue (HUTF or "gas tax").
- We would need to understand the requirements that all HUTF be shared between the state/county/cities. This may require that the new funds be shared rather than retained by Boulder.
- The state constitution currently prohibits local entities from setting their own local gas taxes. If the locals do set their own rates, they are not eligible to participate/receive the HUTF fund sharing; thus the dilemma that would need to reviewed from a legal perspective.

Examples

No Colorado city has used its excise tax authorities to impose a motor fuel tax. This approach is legally questionable and would likely need to be defended in the courts. However, this type of tax is allowed in other states. Counties in California, Florida, Illinois and Oregon may impose a motor fuel tax or a motor vehicle fuel dealer license tax. Municipalities in Oregon may impose a business license tax on motor vehicle fuel dealers. Eugene, Pendleton, Tillamook and others impose the license tax fee.

Funding the Complete Streets Investment Plan

Funding the Complete Streets Investment Plan at a level of $115.8 million would require an additional $7 million per year between 2010 and 2025. As part of the input process, participants were asked how they would fill that funding "pothole." They were given poker chips of varying denominations and asked to spread them across a game board on the various funding sources.

The results varied significantly, as shown in the graphic below. All suggested using some amount of Transportation Maintenance Fee, and most supported exploring advertising revenues and expanding Development Excise Taxes. A few added in other potential sources of revenue, such as Congestion Pricing, which would establish a cordon around Boulder or a section of Boulder and charge anyone to travel within that area, possibly at different rates depending on time of day.

Combining Funding Options

People said:

"Simple is better (fewer tax increases are better)"

"Congestion pricing would represent Boulder's innovative/progressive leadership"

"Take advantage of easy alternatives"

"Strive for balance across revenues streams, use several sources"

"Property tax yes"

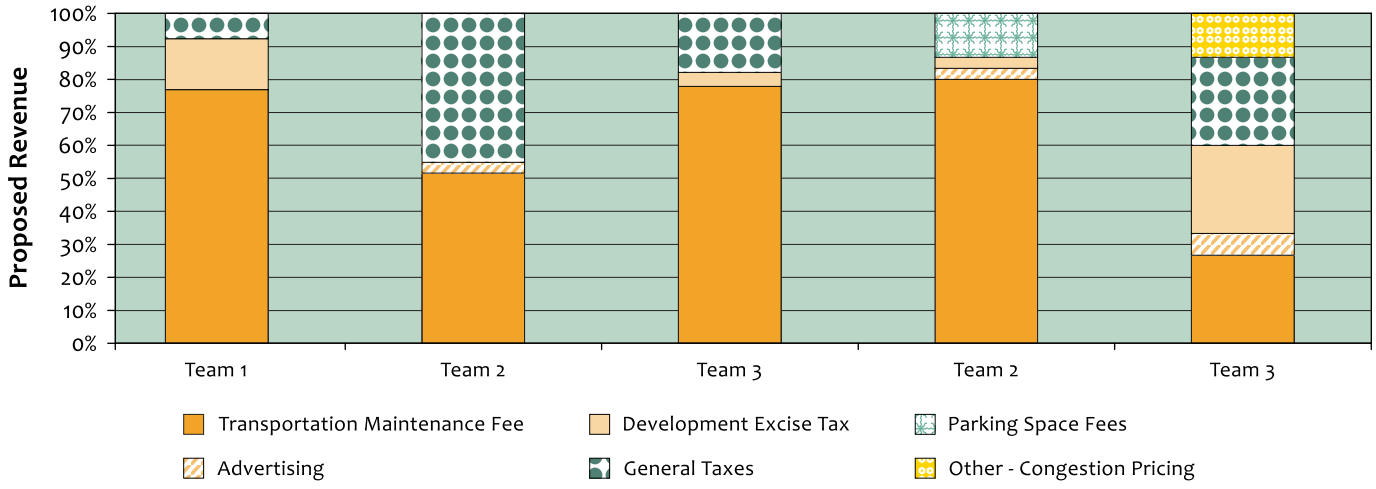
"Head tax yes"

"Head tax no"

"Increase sales tax"

"Reduce dependence on sales tax as it is too volatile"

Filling the pothole:
Recommended mix of funds to meet the $7 million annual shortfall



A Transportation Context

Transportation plays an important role in a community as it provides for safe and efficient movement of people and goods. Various data indicate that the people of Boulder agree that transportation is important. "Transportation issues also topped the list of items regarded by survey respondents as important to improving the quality of life in Boulder," reports the 2007 city of Boulder Community Survey. That same survey indicates that people are relatively happy with the performance of the system including neighborhood access to bus services and bike paths, as well as general street conditions and traffic speeds and volumes. This message was reinforced during public meetings discussing budget reductions in the spring of 2009, attendees rated transportation as important, following police and fire services. Many of the meeting attendees stressed the importance of the multimodal aspects of the transportation system.

The recent volatility of gas prices and uncertainty of future supplies has emphasized the strengths of Boulder's approach to transportation. In 2005, an analysis by Sperling's BestPlaces identified Boulder as one of the nation's communities least impacted by rising gas prices, in part because people who live here have alternatives to driving available to them.

Funding the city's future transportation needs is a daunting challenge. The price tag is significant, and residents' general satisfaction with the transportation system tends to overlook the urgency of a long-term fix for transportation.

Boulder's transportation system is relatively mature. The community is not expanding significantly further, given the growth limitations agreed upon in the Boulder Valley Comprehensive Plan and purchases of significant open space. Hence, there are few demands for roads to serve sprawling new developments. Most of Boulder's development in the future will be in-fill of existing vacant lots and brown field development (the conversion of older properties into new, more dense development). These development patterns provide a positive dynamic for transportation in Boulder, allowing investments to improve and retrofit the existing system. On the other hand, the growth limitations and Boulder's job base have increased regional travel into Boulder as the community has more jobs than houses, particularly affordable ones.

Simply maintaining the transportation system is a significant challenge. Colorado's winter storms are tough on pavement, so our streets need to be resurfaced regularly to keep them from deteriorating. Pavement markings disappear after a tough winter, and need to be repainted. Plowing and sweeping of roads and bikeways insure mobility in all but the toughest of weather. And there are still improvements needed in the system. The multi-use pathway system has a number of significant missing links, including underpasses and new sections of trail. Most of the easy projects have been completed, leaving more costly and logistically challenging projects on the table.

Providing strong and competitive transit service is another significant challenge for Boulder. RTD, the regional transit provider, collects a $.006 sales tax to provide transit across the Denver metro area. Through the development and evolution of the TMP, it has become clear that Boulder benefits from convenient and frequent transit service. If buses run every ten minutes, transit riders don't need a schedule, and can simply walk out the door and hop on a bus. The convenience of the Community Transit Network has resulted in an increase of over 200 percent in transit ridership in Boulder since 1990.

Providing transit service is expensive, and RTD provides only a basic level of transit service in Boulder. Hence, the city augments the service that RTD provides. In 2009, the city invested approximately $1.5 million to increase the frequency of transit service on the HOP, JUMP and BOUND routes. Maintaining this investment into the future is another financial challenge for the city.

RTD's Eco Pass program is tremendously popular. This all-access transit pass operates on the insurance model, with a company or neighborhood purchasing passes for everyone in the business or neighborhood. As of spring 2009, there were 27,900 business passes and 11,400 neighborhood passes in circulation in Boulder. Students at the University of Colorado assess themselves fees to provide all 29,000 students with a transit pass, as well. The city provides a subsidy for businesses starting the Eco Pass program and for neighborhoods on an ongoing basis. Many in Boulder share a vision of eventually moving to a Community Pass which would provide a pass to everyone who lives and works here.

Should additional funding not be identified for transportation, the impacts will be gradual, but significant over time. Progress on completing the system will slow significantly, with major infrastructure projects left unfunded. Transit service levels will decline, as the city's ability to sustain its buy-ups will result in less frequent service. RTD has been reducing service across the district, which will exacerbate the problem. The city's ability to support the Eco Pass program will decline, as will other program and planning efforts. Without additional investment, the city's transit system is at risk of incrementally returning to the seldom-used, nondescript system of the 1980's. The TMP identified that safety and operations of the existing system are the top priority, but even maintenance levels will decline, with streets being repaved less frequently and snow removal slower, as the city becomes more careful in spending scarce dollars.

The policy framework of the Transportation Master Plan has developed a strong, multimodal system that has significantly increased mobility options in Boulder, helps to meet the goals of the Climate Action Plan, and supports the city's efforts to achieve its community sustainability goals in the three key areas: social, environmental and economic. Identifying funding to maintain the existing system and fund the next level of improvements and programs is the next big transportation challenge for the city and the community.