

## MEMORANDUM

**TO:** Mayor Appelbaum and Members of City Council

**FROM:** Jane S. Brautigam, City Manager  
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Chris Hagelin, Acting GO Boulder Program Manager  
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**DATE:** January 24, 2012

**SUBJECT:** Funding of Operations and Maintenance of the Transportation System

### **I. PURPOSE:**

This study session provides an update to council on the financial challenges of the city's transportation system, focusing on the operations and maintenance of the existing system. The city is falling behind in key areas of basic operations and maintenance, due to rising costs and decreased revenues. At study sessions in December 2009 and November 2010, council suggested that staff return for further conversations about transportation funding. This item explores several options for new revenues.

### **II. QUESTIONS FOR COUNCIL:**

1. *Do City Council members have questions or comments about Transportation Operations and Maintenance (O&M)?*
2. *Do City Council members have feedback about the proposed further examination of the Transportation Maintenance Fee (TMF)?*
  - 2a. *Which TMF process and timeline option is preferred?*
3. *Do City Council members have questions or comments about the proposed \$2.5-\$3 million annual target for new revenue to address Transportation O&M?*

### **III. EXECUTIVE SUMMARY:**

Boulder is acknowledged as a national leader in sustainable transportation. For more than 20 years, Boulder has intentionally and methodically built a multimodal system that provides an array of transportation choices. Today, Boulder residents ride the bus to work at twice the

national average, walk three times as often and bike to work 20 times more often than the national average.

While Boulder's approach to transportation is different than many other communities, in one fundamental way Boulder is like everywhere else: Maintaining and operating the existing transportation system is a core responsibility of the city and one that is increasingly difficult to fund adequately.

Boulder's 305 center line miles of roadway, 474 miles of sidewalk and 52 miles of multi-use pathways are the backbone of mobility in the community. Each day, 140,000 people make more than 600,000 trips on this system by car, bus, bike and foot. These facilities must be repaired, repaved, swept and plowed on a regular basis. To promote safe use by all modes, signs must be in place and traffic signals must function. Boulder's mobility also relies on its transit services as nearly 30,000 trips a day are made on 12 local and 12 regional bus routes.

Over the past decade, the city's capacity to care for the existing system has declined. This study session provides details on the financial challenges and focuses on three areas in particular need of funding: pavement management; routine operations and maintenance; and transit services. An additional investment of \$2.5 - \$3 million per year would address the most critical needs in these areas.

While the Transportation Division has a strong track record of securing outside dollars such as federal grants, these funds mostly go to one-time, capital improvements rather than operating and maintaining (O&M) the existing system. O&M is mostly covered by local sales tax dollars. The recent passage of the Capital Improvement Bonds provides a welcome infusion of maintenance dollars, but does not fully address the long-term funding gap.

Over the past several years, the Transportation Advisory Board (TAB) has led an effort to quantify the needs and identify new sources of local funding. In 2008, TAB worked with stakeholders to create a funding report, which looks at a variety of options for increasing local revenues. After exploring a range of possibilities, the group recommended that a transportation maintenance fee (TMF) be pursued as a stable source of local funding. TAB has identified funding for operations and

### *Boulder's transportation system*

- 675 lane miles of roadway, 305 center line miles of roadway
- 32 roadway bridges greater than 20 foot span length
- 150 miles of bike facilities including:
  - 52 miles of multi-use paths
  - 43 miles of bike routes
  - 37 miles of bike lanes on both sides of the street
  - 9 miles of roads with paved shoulders
  - 10 miles of soft surface trails
- 76 multi-use pathway underpasses
- 59 bicycle/pedestrian bridges on multi-use paths
- 474 miles of sidewalk
- 145 traffic signals
- 26,790 traffic and directional signs
- 18 flashing pedestrian crossings
- 72 school zone flashing beacons
- 962 marked crosswalks
- 1064 stop bars at intersections
- 200 acres of medians
- 6 Community Transit Network routes with 10 minute frequencies during peak periods
- 6 other local transit routes (the 200 series)
- 12 regional bus routes which touch the City of Boulder
- 56 city-owned transit shelters and accompanying amenities (benches, bike racks, etc)

### *This transportation system serves:*

- ❖ 140,000 people per day
- ❖ 2.39 million daily vehicle miles traveled in the Boulder Valley
- ❖ 600,000 daily trips including 30,000 transit boardings

maintenance as its top priority.

This study session offers more information on a TMF and outlines other funding strategies that could be pursued. Council is asked to provide feedback on next steps, and on a starting target for additional funding.

#### **IV. BOARD INPUT:**

At its Jan. 9, 2012 meeting, the TAB considered the information in this memorandum. TAB members provided the following input:

1. *Do City Council members have questions or comments about Transportation Operations and Maintenance (O&M)?*

The Transportation Advisory Board (TAB) did not have any questions about O&M.

2. *Do City Council members have feedback about the proposed further examination of the Transportation Maintenance Fee (TMF)?*

TAB unanimously supports increased funding for transportation. TAB in particular supports implementing the TMF as the funding mechanism to address the transportation O&M funding gap since it is a stable and predictable revenue generator.

2a. *Which TMF process and timeline option is preferred?*

TAB recommends pursuing the Community Task Force process which would allow an item on the 2012 ballot. TAB stands ready to support the process to define the TMF for implementation.

3. *Do City Council members have questions or comments about the proposed \$2.5-\$3 million annual target for new revenue to address Transportation O&M?*

TAB concurs with the \$2.5-\$3 million annual target as an appropriate starting point.

**Attachment A** contains the TAB statement.

#### **V. BACKGROUND:**

The Transportation Master Plan is Boulder's blueprint for the city's transportation system. While much attention is focused on Boulder's on-going efforts to provide a robust multimodal system that shifts trips from single occupant vehicles, it is helpful to review the investment priorities of the TMP:

- Highest priority: System operations, maintenance and travel safety
- Next priority: operational efficiency improvements and enhancement of the transit, pedestrian and bicycle system
- Next lowest priority: quality of life, such as sound walls and traffic mitigation
- Lower priority: auto capacity additions (new lanes and interchanges)

Taking care of the existing system is the most basic and essential function of the Transportation Division. The system provides the backbone of mobility for the functioning of the community. The system serves 140,000 people who make more than 600,000 trips each day. With only a few exceptions, operations and maintenance of this system is the responsibility of the city.

Transportation funding faces a one-two punch: Revenues have declined and costs have increased. Due to these factors, the purchasing power of the transportation budget has declined by 38 percent between 2002 and 2011.

The Transportation Division has taken a number of steps to improve efficiency and implement best practices in order to reduce operations and maintenance (O&M) expenses. A staffing analysis in 2009 resulted in the reduction of five maintenance positions, with savings reallocated to catch up on cost escalation. Maintenance teams from Transportation and Utilities divisions have been cross-trained and resources are shared to increase efficiency and to respond more effectively to significant snow storms, water-line breaks and other emergencies.

Even with the efficiencies, reductions have also been necessary to balance the budget. Most of the reductions have been in the realm of system enhancements, with capital improvements delayed, neighborhood traffic mitigation eliminated, and transportation demand management and marketing efforts reduced significantly. However, cuts were also required in O&M with reductions in street sweeping and median maintenance and on the HOP and JUMP transit services. In implementing reductions, staff attempted to minimize their impacts and visibility to the public. While the street repair budget has been preserved, cost escalation has impacted its real purchasing power.

The O&M funding challenges are particularly acute in three areas: pavement maintenance; routine O&M; and transit service.

### **Pavement Management**

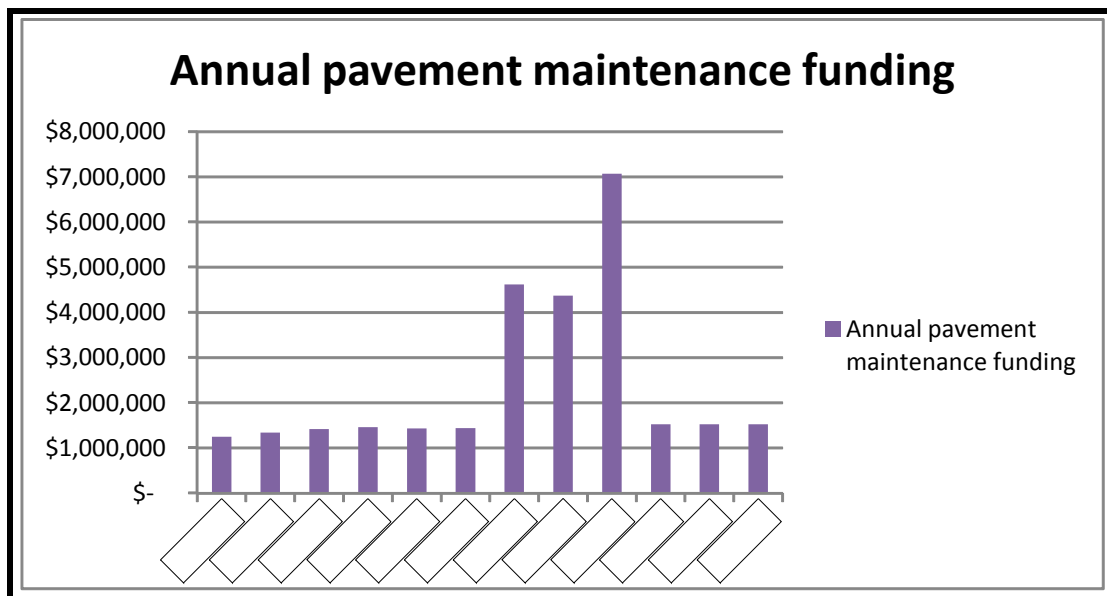
Boulder's largest transportation asset is its street system, which provides the core transportation network for cars, trucks and buses. Bicyclists use most roads as well, and adjacent sidewalks provide mobility for pedestrians. Maintaining the roadway network is the single largest O&M expense of the city. Maintaining the pavement itself is the most significant expense in this category.

In order to minimize costs, careful tracking of pavement condition is important. Pavement deteriorates over time due to use and weather, developing cracks and potholes. Pavement is rated from 1 to 100 with the commonly used Overall Condition Index (OCI) rating system. If pavement quality is above 55 it can be overlaid or chipsealed. If it deteriorates below 55, its structural integrity is compromised and the pavement must be replaced, which costs roughly four times as much as an overlay. Maintaining pavement at a level of 78 is considered a reasonable goal nationwide.

The Transportation Division has developed a Pavement Management Program (PMP) to better track and care for this asset. A database has been created to include all city streets and their pavement condition rating. The data is updated and analyzed so a plan of pavement treatments can be applied at the most economical time to prolong the life of the streets.

In 2010, pavement conditions were forecasted to deteriorate to an overall rating of approximately 72 during the next five years at current funding levels. Not including the funding from the Capital Investment Bond, maintaining a rating of 78 was estimated to cost an additional \$1.6 million per year over current investments. More information is available in an [Information Packet](#) item sent to City Council on Sept. 1, 2010.

The Capital Investment Bonds approved by voters in 2011 will provide \$5 million for overlays and chipseals, and \$4 million to reconstruct some streets with ratings lower than 55. The chart below shows the annual funding for pavement maintenance activities from 2006 projected to 2017, with a three year jump from capital bond funding. The capital bond funding will help to catch up on maintenance that has been deferred over the last decade.



While the bond funds are most welcome, they are a one-time infusion. Staff is currently updating the PMP database to include this investment as well as new information on pavement condition. Initial estimates indicate the cost of maintaining pavement at a rating of 78 will require an additional \$1.1 million a year, reduced for the earlier estimate of \$1.6 million a year, due to the bond investment.

***Funding Need Identified: \$1.1M per year for pavement maintenance.***

### **Routine O&M**

Operating and maintaining the system on a daily basis is another major cost. Timely removal of snow and ice is of major interest to the community, as evidenced by the number of phone calls and e-mails generated by each storm. The city plows collectors, arterials, school routes and the multi-use pathway system.

The cost of responding to an average storm event is about \$50,000, though costs vary widely, depending on the time of year, the moisture in the snow, the temperature, duration of the storm and how quickly the sun comes out after a storm. During an average storm, the trucks will spray

30,000 to 40,000 gallons of magnesium chloride de-icer on the roads during a 12-hour shift, at an average cost of \$.50 to \$.60 a gallon.

Budgeting for snow and ice control is challenging, as the city has no control over the weather. The Transportation Division budgets about \$1 million per year for snow and ice removal based on average expenditures, with an expectation that it will look for cost savings elsewhere in hard winters, often by deferring other maintenance activities. Over the past few decades, there has been a major blizzard or other storm event that significantly over-extended the budget once every four or five years, with the last one being in 2006. The 2012 Budget includes a \$200,000 contingency to support Transportation's response to unusually "hard winters" and other less predictable expenditures.

Another significant O&M expense is in traffic signs, signals, markings, lighting and operations. This includes replacing signs and repainting pavement markings. The city has nearly 27,000 traffic and direction signs, which have an average lifetime of 20 years. Most pavement markings such as crosswalks, bike-lane markings and turn-lane markings must be replaced every year. The city has 962 crosswalks, and the cost to replace the markings is about \$500 each. The on-going maintenance costs of markings has prevented the Transportation Division from adding colored bike lanes and other innovative treatments, as there is no capacity within the O&M budget to take on new on-going expenses.

The cost to maintain the traffic signal system is approximately \$1 million per year, which includes having signal technicians on call 24 hours a day to repair outages quickly. One of the steepest cost escalations has been in street lighting, with the bill from Xcel swelling from \$700,000 in 2001 to \$1.2 million in 2011. Another challenging area in O&M is maintaining the current subsidies for the Eco Pass program as interest has grown and costs have risen while the budget for transportation demand management has been reduced.

The 2011 Capital Bond Initiative helps in routine O&M, as it provides one-time funding of \$500,000 to replace traffic signs to meet new federal requirements, and to upgrade traffic signals to use LEDs, which will reduce the cost of electricity for those signals. As with the pavement maintenance, this one-time infusion is most welcome and will address some deferred maintenance items, but does not resolve the long-term funding issues.

An increment of \$900,000 per year would increase the routine O&M budget by 9 percent, which would improve street maintenance, replace signs and markings more quickly, support the Eco Pass and address other deferred maintenance needs.

***Funding Need Identified: \$900,000 per year***

### **Transit Service**

Maintaining the current transit services poses another significant financial challenge. One of the keys to Boulder's high transit mode share has been the Community Transit Network (CTN), which includes the HOP, SKIP, JUMP, BOUND, DASH and STAMPEDE. These buses come every 10 minutes during peak hours, providing "schedule free" service. This has proven effective in building transit ridership beyond those who are dependent on transit to those who choose to ride the bus because it is convenient.

RTD has not been willing or able to provide 10 minute frequencies on all of the CTN routes and its capacity to do so continues to diminish. So the city, Boulder County and the University of Colorado have partnered to cover the cost increment between RTD's basic services and the desired level of service.

Boulder's financial ability to continue paying for this service is declining. In the past three years, the city has reduced its investment in the HOP, JUMP and BOUND services due to funding constraints, resulting in reduced service and convenience for transit riders. Current funding trends are certain to further reduce the city's ability to support transit network operations.

At the same time, RTD has been reducing its service levels. Taking effect in January 2012, RTD is instituting a 10 percent system-wide cut. The popular 203 transit service was eliminated as part of this cut. For the past three years RTD has been reducing services on a regular basis, and there is little indication from RTD to suggest that this trend will reverse.

Transit is an integral element of Boulder's transportation options and necessary to increase the person carrying capacity of major corridors. While the TMP calls for new CTN services and the city receives regular requests from residents and employers for transit service enhancements, at this point the Transportation Division is unable to maintain 2010 transit service levels. Based on RTD's most recent service reductions and historic trends, an estimated additional \$500,000 per year is needed in 2012 with that amount growing to \$1million per year by 2020 to maintain 2010 transit service levels. Additional funding, beyond that identified here, would be needed to expand the Eco Pass support programs, either continuing to support their incremental growth, or moving to a community pass model.

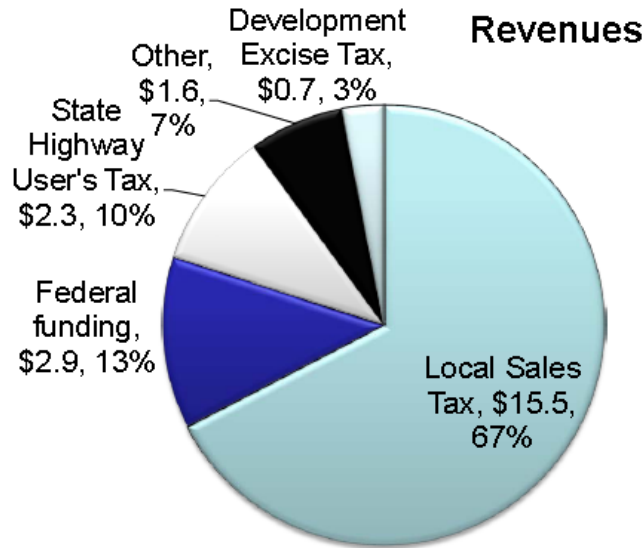
***Funding Need Identified: \$500,000 in 2012, growing to \$1 million per year in 2020.***

## **VI. THE TRANSPORTATION BUDGET**

In 2011, the City of Boulder's transportation budget (adopted and amended) was \$23.6 million. The primary source of revenue for transportation is a dedicated 0.6 percent sales tax approved by voters in 1967. In 2011, the sales tax was estimated to generate almost two thirds of the \$23 million transportation revenue. In comparison, only 39 percent of the entire city budget came from sales taxes in 2011. While the sales tax has been a valuable and significant source of funding, sales taxes are volatile, as evidenced by a steep decline in 2009 and 2010 as well as in the early and mid 2000's.

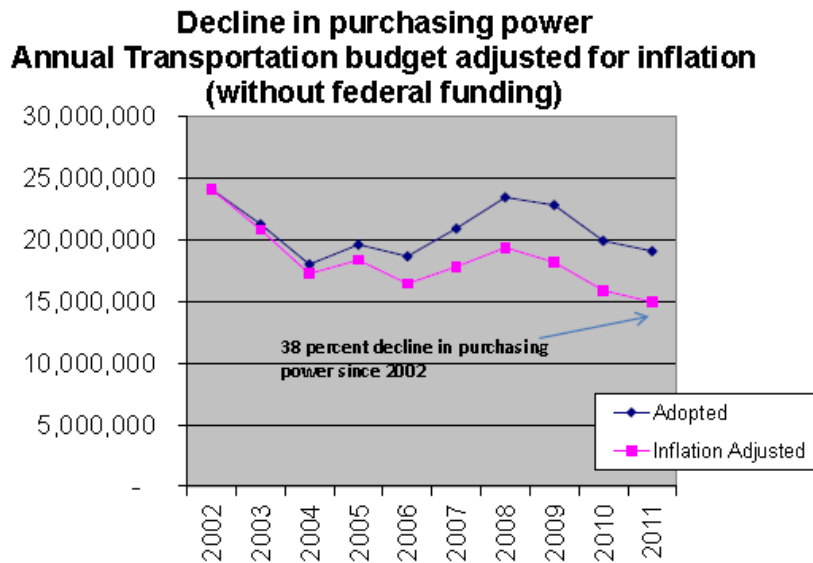
# Transportation Revenues 2011

updated Nov. 2011



The transportation budget is relatively independent of the larger city budget, as it includes very limited general fund revenues and virtually all revenues within the transportation budget are dedicated specifically to transportation and cannot be directed to other uses.

The transportation budget has declined significantly in the last decade, dropping 19 percent in real dollars from 2002 through 2011. When adjusted for inflation, the decrease in purchasing power since 2002 is estimated at 38 percent, as shown in the chart below. A particularly sharp increase in the costs of construction materials decreased transportation purchasing power at a rate double the overall decline, based on the consumer price index, in the Denver region over the same period.



The current recession impacted not only sales taxes, but also most other revenue sources. The amount the city receives from the state highway user's tax (a \$.22 cent per gallon state tax on gasoline) has declined due to the economic slowdown. It has also fallen because the funds are distributed across the state based on number of lane miles of roadway. Unlike most other communities, Boulder has not significantly expanded its roadway system, so the percentage of roads in Boulder as a portion of the whole state has dropped. Development Excise Tax (DET) collections have fallen from a historical average of \$900,000 a year, as the rate of development in Boulder has slowed. The adopted budget for 2011 estimated \$600,000 in DET revenues.

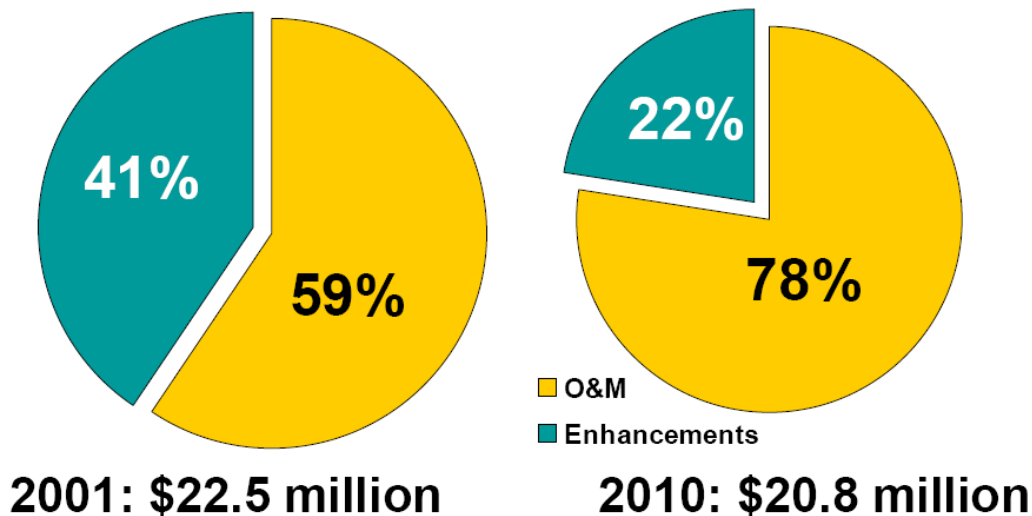
Most additional transportation funds are dedicated to specific uses. For example, federal funds are awarded to specific transportation projects, mostly improvements to the system. The local sales taxes are the most flexible of funds and are the primary source of funding for O&M.

Through the budget process, the city annually appropriates funds for routine O&M of the system and for capital infrastructure maintenance in the areas of pavement maintenance, bikeways maintenance, major street reconstruction and sidewalk maintenance. Additionally, within individual capital improvement projects such as the Arapahoe Avenue Multimodal Improvements Project or the 30<sup>th</sup> Street Transportation Improvements Project, capital maintenance work such as curb and gutter replacement is completed with project funds.

The table below lists the routine O&M and capital maintenance fund appropriations, and the percentage of the total budget by category for 2006 through 2011.

In 2011, O&M consumed more than three quarters of the Transportation Division budget, up from just under 60 percent in 2001, as shown in the chart. While the expansion of the

## City of Boulder transportation spending O&M and Enhancements (not including federal funds)



multimodal system, such as the construction of new multi-use pathway underpasses, has increased the maintenance budget slightly, most of the rise in O&M costs comes from increasing

costs of materials and labor. The reduction in funds available for improvements has significantly slowed the city's plans to expand the multimodal system and achieve the vision and goals of the TMP.

## **VII. EXPLORING ADDITIONAL FUNDING OPTIONS:**

### **Options for New Local Revenues:**

In recent years, two Blue Ribbon Commissions convened by the City Manager took an in-depth look at the city's finances. The first Blue Ribbon Commission (BRC I) examined the overall financial status of the city and recommended a series of actions to stabilize the budget. The city has implemented many of the BRC I recommendations to stabilize revenue sources such as extending sales taxes that were set to expire and "de-Brucing" the property tax. The second BRC (BRC II) looked at using existing revenues more efficiently. As recommended by the BRC II, the city has undertaken a focused and sustained effort on implementing priority-based budgeting and is consistently striving for efficiencies.

The BRC I identified a broad range of potential sources of new revenues for the city to help diversify its portfolio and to address a structural gap between the escalating cost of doing business and slowing revenues. The group completed an initial screening of various options and suggested that some be further considered. BRC I options for raising additional local revenues included general sources and specific sources.

### ***General sources:***

These revenue sources are mostly taxes that would be levied by the city or possibly the county. They are broad revenue sources and are not necessarily earmarked to transportation and could include sales taxes, property taxes, employment privilege taxes (also known as a "head tax") or development related fees. Council could choose to pursue one or more of these options as a way to fund transportation along with other community needs. Should Council be interested in further exploring one or more of these options, the City Manager will develop next steps and return to Council for further discussion.

A second round of Capital Investment Bonds is a possible source of additional funding for transportation but does not provide a continuous funding stream. However, as currently conceived, this measure would focus mostly on new initiatives, rather than addressing maintenance and operational needs. Round 2 could help fund a wide range of improvements to the transportation system. The timing and content of a potential second round is under discussion, with more clarity expected by the end of January 2012.

### ***Specific Sources:***

Another option is to explore sources of revenue that are more closely related to transportation. The BRC I identified several potential sources of revenue that would be specifically linked to providing transportation services. In 2008, TAB, staff and a group of stakeholders looked at these mechanisms and created the [Transportation Funding Report](#) which provided an initial evaluation of the six possible funding sources recommended by the BRC 1.

## *Transportation Maintenance Fee*

The **Transportation Funding Report** identified a Transportation Maintenance Fee (TMF) as the most viable approach for a new increment of transportation funding. This mechanism was endorsed by both the TAB and staff. While it would not address all transportation funding needs, a TMF would provide a predictable and stable source of revenue for covering basic, on-going maintenance of the multimodal system. The fee could also redirect dollars currently used for maintenance efforts to fund the highest priority system enhancements. At study sessions in December 2009 and November 2010, council agreed that staff should continue to develop a TMF.

A TMF levies a fee on residences and businesses for the basic upkeep of the multimodal system, based on estimates of their proportional share of impacts. The fee is collected on utility bills and the revenues must be spent on O&M of the system.

Most communities that implement TMFs use trip-generation rates developed by the national Institute of Traffic Engineers (ITE) as the basis for determining rates. For residential properties, a flat rate is typically applied on a per unit basis. TMFs for commercial properties are assessed based on square footage or acreage, using the standard ITE trip-generation rates for a variety of uses, including industrial, institutional, retail, high-traffic retail, and miscellaneous uses.

A TMF that generated \$3 million a year to meet the critical maintenance needs would levy a fee of approximately \$24 per year on each household, and an average charge of \$327 per employer. This is based on a standard assumption that one-third of trips are generated by residences and two-thirds by business uses. It is important to note that the business amount is an average of a wide range, as the ITE trip-generation rates vary widely by business type. For example, industrial uses generally generate few trips per square foot or acre, while drive-through banks and restaurants generate up to 10 times that traffic and are charged accordingly.

TMFs are a legally allowable financing mechanism in Colorado, and as a fee for particular services, can be applied without voter approval. A 1989 case before the Colorado Supreme Court (*Bloom v. City of Fort Collins*) found that the transportation utility fee imposed by the city was "reasonably related to the expenses incurred by the city in carrying out its legitimate goal of maintaining an effective network of city streets."

While a TMF is designed as a fee, it could also be adopted as a tax, subject to voter approval. A tax would allow more flexibility in how the funds were used. A transportation maintenance tax would not necessarily apply to the University of Colorado and the federal labs, while both generally pay city fees.

Given that a TMF is based on average trip generation rates, it does not inherently provide an incentive to reduce driving. However, Boulder could choose to add additional categories to more closely tie fees to usage, or could incorporate incentives into the approach. Possibilities include rebates for verified trip reductions or the implementation of effective transportation demand management (TDM) plans by businesses. While incentivizing a TMF is certainly possible, it will add complexity to the program. It would also be possible to add incentives to the program in a later phase.

**Attachment B** outlines two Community Task Force process options to further develop the maintenance needs package and proposed TMF rates and structure. One option includes a more aggressive timeline, which would provide council with Task Force input in the first half of 2012, should council consider putting a TMF question on the 2012 ballot. The other option would support a 2013 or later ballot. Should council support further work on a TMF, staff recommends pursuing the Community Task Force process for the 2013 or later ballot unless recent polling results from the CIS Round 2 indicate interest for a 2012 ballot.

### **Parking**

The concept of using parking charges as a means to fund transportation O&M was identified by the BRC I and has been suggested by some members of council and the public. Charging for parking, in some form, could generate significant revenue. There is also a strong connection between paying for parking and the use of other travel choices. However, parking management is complicated and often contentious. The TAB and the Transportation Funding workgroup did not recommend parking charges as a revenue source for transportation O&M.

This memo provides a short overview of current parking management practice and outlines some options. Any significant revisions to the city's current parking policy would require a comprehensive approach to considering how, why and where the city manages parking. The complexity of the issue would require that it be considered over a period of years in deliberate and incremental steps.

Should council be interested in exploring this topic further, the next step would be for staff to identify early action items and develop a scope, work plan and timeline for the entire effort. This would be a multi-departmental work effort as authority and responsibilities are spread among several workgroups and the impacts would be significant.

The following sections provide additional detail on the city's current approach to parking and the parking space fee identified by the BRC I as a potential funding source. In addition, several elements of the city's current approach to parking could be re-examined to better support desired land uses and travel choices, outside of generating revenues.

#### *Parking Districts:*

Today, the city manages three paid parking districts: Downtown, the Hill, and the newly formed Boulder Junction. The University of Colorado also charges for parking on campus. To date, the city's primary focus in charging for parking has not been to generate revenue, but rather to manage turnover, adjust the balance between long and short term parking to ensure the viability of the commercial areas and as an integral part of promoting alternative modes of transportation. Paid parking helps the city's historic commercial areas be functional and successful while also covering the costs of operations.

Within the parking districts, there are three sources of revenue from district parking:

- General Improvement District (GID) taxes on real and personal properties within the district boundaries. The GID taxes are restricted to specific uses: downtown - parking and parking-related improvements, including a portion of the employee EcoPass program; and on the Hill - parking and area maintenance.

- The direct user fees are on-street meters and the garages and lots, and are balanced between short term (customer, visitor, clients) and long term (employees). On street revenues are divided between being reinvested in the downtown (downtown employee EcoPass, support for the BID etc.) and funds to the general fund;
- Enforcement makes the system work and is generally the most disliked component of the paid parking system. All parking ticket revenues are returned to the general fund.

In 2011, parking revenues (on-street meters and enforcement) will return approximately \$3,740,000 to the general fund.

The balance between access management and revenue generation is a very important component of the parking districts, as well as how parking is perceived by the business and property owners and users. The parking districts are the only commercial areas within Boulder where the user is charged directly, which could be perceived as an un-level playing field with the rest of the commercial areas within the city.

Building on the current district approach to raise additional revenues could be accomplished by some combination of expanding the geographical boundaries of current districts, creating new districts, or charging more within the districts. Any changes to the current approach would need to be carefully considered and analyzed on how it would impact the economic vitality of the current districts and their competitiveness with other areas, and the perception of business owners, neighbors and users.

While the city also manages ten neighborhood parking permit (NPP) areas, the focus of this program has been to balance demands for parking in neighborhoods close to traffic generators such as retail areas or the university, not as revenue generators. There are charges for all permits within the NPP – residential, business and commuters.

#### *Parking Space Fee:*

The BRC I suggested that a parking space fee for on-street or off-street parking could be explored as a revenue generator. In this scenario, the city would levy a fee on each parking space provided in commercial areas and potentially in residential areas. This approach could generate significant revenue. However, the Transportation Funding workgroup and TAB did not endorse this concept. They pointed out that it likely would be controversial and that the city's current regulatory framework includes requirements such as parking minimums that are inconsistent with a parking space fee. The group also noted that there are very limited examples of general parking fees being applied in the United States. Most of the examples of parking space fees found at that time were from Australia or from limited commercial applications in the U.S.

Despite these concerns, a parking space fee set in a different regulatory context has some attractions. From the transportation perspective, it could generate a significant and predictable revenue stream, it has a fairly direct and a clear basis for the charge, and it is a relatively direct charge to the users of the roadway system. From a broader perspective, a parking space fee would help reduce the oversupply of free parking and would provide a direct incentive to reduce parking in support of TMP and CAP goals. It would have significant benefits to urban design, place-making and the enhancement of the pedestrian environment. As will any fee or tax,

impacts to the economic viability of the commercial uses would need to be considered. The data from Boulder and elsewhere shows that parking cost is one of the major predictors of auto and alternative mode use for an area and is a key influence on travel choices.

*Possible next steps on parking:*

Further exploration of a parking space fee or other mechanism to generate additional revenue from parking, in addition to the existing practices, would need to be considered as part of a comprehensive revision to the city's current parking policies. Due to the complexities of parking, this work would be undertaken over a period of years in deliberate and incremental steps. A next step in 2012 would be to identify some early action items and a work plan in coordination with the other city departments who have authority and responsibilities in regulating parking. Creating an appropriate regulatory framework could include the elimination of parking minimums from the code, the establishment of parking maximums as has been done in Boulder Junction and allowing areas of parking reductions to be converted to other uses on a site.

A significant work effort would be required to understanding the existing amounts and utilization of parking, and the impacts of parking reduction and land use conversion. One result of this work would likely be a parking model for Boulder, keyed to the land use characteristics and transportation options of a specific area. Initial work could be focused on one or more multimodal corridors and would be complementary to the Sustainable Streets and Centers efforts of the city. The initial steps could be followed by piloting of new approaches in specific areas of the community. The work would include an accompanying public process with a broad representation from the community.

Given the significance and length of this exploration on the overall work program, parking space fees or some other mechanism as a new source of transportation revenue likely would not be addressed for a number of years.

**Other Options – Not Recommended**

A variety of other options were identified by the BRC and considered by TAB and the funding group as reported in the **Transportation Funding Report**. For a variety of reasons, these were not considered viable options to address the O&M shortfall.

*Vehicle Miles Travelled (VMT) Fee or Tax*

Levying a charge on vehicle miles traveled is attractive, as it provides a direct nexus between driving and paying for transportation costs. It also puts in motion a shift from fuel-based taxes to actual use of the system. However, the technology and systems required to implement a full-scale VMT tax or fee have yet to be developed to a point that it could be implemented on a city-wide level. Most experts predict that VMT may be a viable option in 10 to 15 years. A current focus on VMT at a national level is on pilot programs focused on truck traffic.

*Local Gas Tax*

The State of Colorado statutes limit the collection of gas taxes to the state itself. Local communities are not allowed to collect a local gas tax. While a work-around in the form of a fee

charged at the pump each time gas is dispensed is a possibility, the funding group did not recommend this for further exploration.

### *Development Excise Tax*

In 2008, City Council increased rates on the Development Excise Tax (DET) and the percentage that goes to transportation. DETs are one small and useful piece of the transportation funding puzzle. In 2010, DETs made up less than 2 percent of the city's transportation budget. In its discussions, council has opted to pursue DETs as the means for development and growth to pay its share, rather than using other approaches such as an adequate public facilities ordinance.

Although transportation's share of the DET grew as a result of council's 2008 actions, the slowdown in development has resulted in a net reduction in funds from this source in 2011 over previous years. DET revenues are down from a historical average of around \$900,000 to \$680,000. Generating enough funding to address O&M shortfalls would require a very significant increase in these taxes. Such an increase would curtail development, which in turn would reduce revenues generated from this source.

### *Advertising and sponsorship*

The Transportation Funding group explored advertising and sponsorship as means to generate new revenues. The group concluded that the opportunities to raise revenues through these mechanisms are very limited. They recommended that these mechanisms should be explored in the context of supporting specific programs and services, due to the needs of advertisers and Boulder's constraints on public advertising. The group identified transit shelters and bike share as two possibilities.

Council adopted minor ordinance changes in April 2011 to allow sponsor logos to be displayed on bike-share kiosks, as a means to help fund the ongoing O&M of the system. The bike share system is owned and operated by Boulder Bike Sharing (BBS), a local non-profit. The city partners with BBS to identify capital funds for system expansion and to allow bike kiosks to be placed on public property.

Advertising on transit shelters could be explored as a way to improve maintenance of transit shelters. However, regional experience in transit shelter advertising has shown that the program does not generate significant revenue beyond providing and maintaining shelters.

At the December 2009 study session, council asked how other communities raised new local revenues for transportation. An [Information Packet item](#) distributed on July 28, 2010, provides more information on this topic. In short, cities use a wide variety of funding sources for transportation, and are implementing numerous strategies for new revenues, including taxes on fuel, property taxes, sales taxes and transportation maintenance fees.

## **VII. CONCLUSION:**

### **Questions for council:**

1. *Do City Council members have questions or comments about Transportation Operations and Maintenance (O&M)?*

2. *Do City Council members have feedback about the proposed further examination of the Transportation Maintenance Fee (TMF)?*

2a. *Which TMF process and timeline option is preferred?*

3. *Do City Council members have questions or comments about the proposed \$2.5-\$3 million annual target for new revenue to address Transportation O&M?*

## **VIII. NEXT STEPS**

Staff will document council feedback and return with a Study Session Summary for acceptance and develop a work plan based upon council feedback.

### **ATTACHMENTS:**

Attachment A – TAB statement

Attachment B – Community Task Force process options

Council Members,

Even with the additional funding resulting from last November's ballot measure, the **Transportation Advisory Board (TAB) concludes that the City will not be able to maintain, much less improve, the City's existing transportation systems, without one or more additional revenue streams which are stable, predictable, and diverse.**

We thank Council for supporting the Transportation Master Plan (TMP) and its implementation through projects such as Boulder's B-Cycle system and multimodal improvements in Boulder Junction. TAB is very grateful for the 2011 Capital Improvements Program (CIP) bond, which will provide a one-time injection of much-needed funds to relieve some of the backlog of overdue maintenance to our transportation systems.

However, the 2011 CIP does not address the full slate of immediate deficiencies in the system nor by any means solves our long-term revenue shortfall problem.

**Success in the past does not automatically beget future success.** Over the last 20 years Boulder has created an impressive system of complete streets and an effective public transportation network. Boulderites appropriately take pride in our multi-modal transportation network and the lifestyle it facilitates. But we cannot be complacent; our work is not done. To progress, Boulder must now focus on funding the operations and maintenance (O&M) of its transportation infrastructure in addition to funding strategic enhancements.

**Action must be taken now.** TAB believes we are at a tipping point. Without positive action to fund O&M, Boulder effectively chooses a very different future - a future of shrinking revenues for the existing systems and lost opportunities for modest improvements. We risk having Boulder's transportation systems fall into disrepair and Boulder's reputation and quality of life along with it. The information in your packet demonstrates that these are not alarmist statements, but hard truths.

**TAB unanimously recommends that Council move in 2012 to secure more adequate funding for the City's transportation systems.** The cost of merely operating and maintaining existing systems used 78% of Transportation funds in 2010, and that share will continue to climb. In December 2011, for the second time in as many years, TAB voted unanimously to recommend that Council secure additional funding sources for transportation.

**TAB firmly believes that a Transportation Maintenance Fee (TMF) should be adopted.**

We have utmost faith in the Transportation Staff, and are confident that the TMF public process options in your packet will create an equitable TMF which addresses O&M funding goals in a timely fashion.

**TAB stands ready to work with Transportation Staff and the community to implement a TMF, and to find and implement one or more sources of additional, substantial and reliable funds if needed.** It will not be easy to raise additional revenue in these tough financial times, but it must be done. With TAB standing with you, we strongly urge the Council to act.

Signed,

Andria Bilich, David Driscoll, Matthew Moseley, Spencer Havlick, and Jessica Yates  
Transportation Advisory Board

# ATTACHMENT B

## Community Task Force Process Options

### Option 1: 2012

2 half-day workshops (3 hours each) in which Taskforce members work together to create packages and make their recommendations. All TAB members are invited to workshops.

#### Workshop 1 - March 2012

Through small group exercises, the Taskforce members develop packages of maintenance needs that would be covered by TMF and then as a single group recommends a package.

Through small group exercises, the Taskforce members develop packages of commercial and residential rate packages and recommends a package.

#### Workshop 2 - April 2012

Taskforce members evaluate the rate structure, which includes administrative costs, as informed by their recommendations for tweaks and adjustments.

Through small group exercises, Taskforce members create packages of incentives and rebates then as a group make a final recommendation. Taskforce can make recommendations on public process.

#### Staff work

Develop Taskforce Recommended TMF to present to council and options for public outreach steps

#### TAB (early May 2012) and Council Check in (mid-May 2012)

Council instructs staff on whether they wish to proceed with TMF and the next steps including public input plan.

#### Public Outreach- June-July 2012

A series of informational public meetings to raise awareness and gather feedback on the proposed TMF.

#### Study Session or Agenda Item- July 2012

Ballot Process- Completed in August 2012

### Option 2: 2013

3 half-day workshops (3 hours each) in which Taskforce members work together to create and make a recommendation on packages as well as a public outreach plan. All TAB members are invited to workshops.

#### Workshop 1 - April 2012

Through small group exercises, the Taskforce members develop packages of maintenance needs that would be covered by TMF and then as a single group recommends a package.

Through small group exercises, the Taskforce members develop packages of commercial and residential rate packages and recommends a package.

#### Workshop 2 - May 2012

Taskforce members evaluate the rate structure, which includes administrative costs, as informed by their recommendations for tweaks and adjustments.

Through small group exercises, Taskforce members create packages of incentives and rebates then as a group make a final recommendation. Taskforce can make recommendations on public process.

#### Workshop 3- June 2012

Return with final rate structure and administrative costs based on incorporating rebates and incentives and craft final Taskforce recommendation for Council.

Through small group exercises, the Taskforce would also provide input on the public outreach process.

#### Staff work July-Aug 2012

Develop Taskforce Recommended TMF to present to council and options for public outreach steps

#### TAB and Council Check in- Sept 2012

Council instructs staff on whether they wish to proceed with TMF and the next steps including public input plan.

#### Public Outreach- Jan -Feb 2013

A series of informational public meetings to raise awareness and gather feedback on the proposed TMF.

#### Study Session- March 2013

#### Building Business Community and Citizen Support

Informational outreach to businesses and neighborhood associations.

Ballot Process- Completed by August 2013