



## CHAPTER IV

# Funding Mechanisms

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This chapter presents a brief overview of the funding mechanisms which may be available to make improvements in the Glenwood Springs area. Likely, this study will be used to incorporate projects into the Glenwood Springs Capital Improvements Plan (CIP). Information contained in this study can be used as reference material for local planners and decision makers and lead to prioritized improvements in the area.

While there is a wealth of funding for pedestrian and bicycle *planning*, there is a lack of available funding for implementing and construction of projects. Without a dedicated tax base to support improvements within the area, it is likely many of the projects will be delayed until secure sources of funding are identified. This typically occurs on a case-by-case basis as projects are developed and a time line is set for implementation. The final ranking of projects—either High, Medium, or Low—will continue to have flexibility in timing and implementation. That is to say that all projects which are grouped in one of those categories could occur at anytime. Projects within the “High” category have no distinct priority within that category and likely would occur as dictated by the available funding.

Identified funding strategies come from federal, state, and local sources. Additional sources may be available; however, these are the main sources of funding for improvements. Most are competitive in nature and require a grant to be submitted prior to the allocation of funds.

## THE FUNDING PROCESS

One of the most difficult elements in bicycle and pedestrian planning occurs during implementation, specifically when programming funds. Programming of funds occurs between planning and implementation of projects. The process of programming funds identifies how and when projects are to be funded during a period of time. In this case, the Capital Improvements Plan is the programming of

available funds for an identified project. Projects usually must meet certain criteria to be eligible for funding from specific funding programs. These programs can be federal, state, local, or in some limited cases, private in nature.

Following the programming phase, funds must be then allocated by the agency controlling the funds. Generally speaking, projects are sponsored by an agency or organization—in this case the city—with a grant process ensuing (if federal or state funds are sought). Grants are processed on a competitive basis, and funds are awarded and allocated to the sponsoring agency. Allocation is usually on a reimbursement basis; however, this is not always the case. In the case of construction projects, such as a new sidewalk, funds are allocated through a phased approach, during which engineering, environmental, property acquisition (if applicable), and construction proceed through a process. Many funds have a *use or lose* provision which contractually forces the sponsor to spend the funds in a timely manner, or risk losing the allocated funds. Again, the difficulty is determining which projects are applicable to what funding source, and even more difficult is identifying the funding sources which exist as they do change. Many times, pedestrian and bicycle facilities become difficult to fund on their own merit, particularly pedestrian (sidewalk) projects. In many cases they are tied to a larger capital investment project and are not completed on their own. However, if a project can be shown to be critical to the local community, local funding sources may then become more readily available. Generally speaking, a new sidewalk *not* tied to a road reconstruction may need to largely be funded from local funds alone, including tax resources and even local bonds.

## **POSSIBLE FUNDING MECHANISMS**

This section presents a review of several major funding mechanisms. This review is presented in Table IV-1 at the conclusion of this chapter, summarizing the key elements from these sources. As mentioned, funding sources are broken down into federal, state, local, and private/other funding sources. The main sources of funding will be briefly discussed throughout the remainder of this section. In all, there are around 20 separate programs for which bicycle and pedestrian projects and programs are eligible for funds. The task of receiving these funds becomes the difficulty. Much of this information was taken directly from both the Federal High-

way Administration and the Pedestrian and Bicycle Information Center (PBIC) from the University of North Carolina Highway Safety Research Center, with funding from the US Department of Transportation and the Centers for Disease Control and Prevention.

## **GOVERNMENT SOURCES**

### **Federal: Transportation**

Leading the way in government funding sources is federal funding through the current Transportation Bill; the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, or SAFETEA-LU, is the successor to TEA-21 the Transportation Efficiency Act for the 21<sup>st</sup> Century. TEA-21 provided federal funding for the years 1998-2003, which ultimately extended for three years until SAFETEA-LU was officially adopted in 2006. This current bill authorizes \$388 billion in federal gas-tax revenue and other federal funds for all modes of surface transportation, including highways, bus and rail transit, bicycling, and walking. The State of Colorado historically received approximately \$36 million from 1999 to 2005 for bike and pedestrian facilities and programs. A large portion of these funds are made available through programs for which bicycling and walking activities are eligible expenditures; however, none of these funds are dedicated solely for bicycle or pedestrian facilities or programs. The major sources from federal dollars is from the Surface Transportation Program and the Safe Routes to School Program.

### Surface Transportation Program (STP)

STP funds can be used for construction or rehabilitation of facility improvements or nonconstruction projects (such as maps, brochures, and public service announcements) related to safe bicycle use and walking. Funds can be used for the modification of public sidewalks to comply with ADA regulations.

### Safe Routes to School (SRTS)

To enable and encourage children (including those with disabilities) to walk and bicycle to school; to make walking and bicycling to school safe and more appealing; and to facilitate the planning, development, and implementation of projects

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that will improve safety, and reduce traffic, fuel consumption, and air pollution in the vicinity of schools. Each year after deducting \$3 million for the administrative expenses of the program, the Secretary shall apportion the funds to states based on their relative shares of total enrollment in primary and middle schools (kindergarten through eighth grade), but no state will receive less than \$1 million.

Funds are to be administered by state departments of transportation to provide financial assistance to state, local, and regional agencies (including nonprofit organizations) that demonstrate the ability to meet the requirements of the program.

For infrastructure-related projects, eligible activities are the planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school. These include sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bike parking, and traffic diversion improvements in the vicinity of schools (within approximately two miles). Such projects may be carried out on any public road or any bicycle or pedestrian pathway or trail in the vicinity of schools.

Each state must set aside from its Safe Routes to School (SRTS) apportionment not less than 10 percent and not more than 30 percent of the funds for noninfrastructure-related activities to encourage walking and bicycling to school. These include public awareness campaigns and outreach to press and community leaders; traffic education and enforcement in the vicinity of schools; student sessions on bicycle and pedestrian safety, health, and environment; and training, volunteers, and managers of safe routes to school programs. In FY2006, \$100 million is allocated nationally to this program. The federal share for SRTS is 100 percent. There have been local efforts directed toward SRTS in Glenwood Springs. These efforts should be closely coordinated with the city and local school district.

### Colorado State Parks Grants

The Colorado State Trails Grant Program funds projects for trail planning and design, construction, maintenance, equipment, and special projects. This program

is a partnership among Colorado State Parks, the Colorado Lottery, Great Outdoors Colorado (GOCO), the federal Recreational Trails Program (RTP), the Land and Water Conservation Fund (LWCF), the Colorado Off-Highway Vehicle Registration, and the Colorado Snowmobile Registration Program.

Grant applications are accepted as submitted and rated on their own merit. There are nine grant categories. Nine Recreation Trails Subcommittees review the applications. These subcommittees are comprised of two State Trails Committee Members, a Colorado State Parks' Regional Trail Coordinator, and five to seven volunteer reviewers. These volunteers span the spectrum of trail recreation and include enthusiasts, conservation groups, and park professionals with local governments. The City of Glenwood Springs is awaiting an award of approximately \$153,000 grant to construct a trail to South Canyon.

### Transportation Enhancements

The federal Transportation Enhancements (TE) program funds 12 different types of transportation-related activities. The program began in 1992, and approximately 45 percent of the TE funds have been programmed for pedestrian and bicycle facility projects. Examples of projects that may be considered eligible include the following:

- New or reconstructed sidewalks, walkways, or curb ramps.
- Bike lane striping.
- Wide paved shoulders.
- Bike parking and bus racks.
- New or reconstructed off-road trails.
- Bike and pedestrian bridges and underpasses.

The TE program also funds programs for safety and educational activities for pedestrians and bicyclists. Examples of projects that may be considered eligible include:

- Non-construction safety-related activities, such as a safety promotional campaigns.
- Bicycle and pedestrian safety training.
- Training materials such as videotapes, brochures, and maps.
- Rent for leased space and limited/short-term staff salaries.

One good example of a successful TE project in Colorado is from RTD in Denver which had a Bike-n-Ride TE project in 1992. Denver area bike enthusiasts and

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planners approached the Regional Transportation District (RTD) about installing bike racks on buses. The Bike-n-Ride program received widespread support from the bicycle community, bus drivers, and maintenance staff who encouraged the RTD to apply for a TE award in order to pay the cost of retrofitting the bus fleet with bike racks and adding bike parking racks at bus stops and transit centers. A \$307,500 TE award and \$100,000 local match was used to purchase 100 bike parking racks and enough bike mounts for 700 buses. The Bike-n-Ride program gives commuters the chance to ride their bikes while avoiding major traffic and congestion.

### *Primary contact information*

Regional Transportation District  
(303) 299-2463

### *Project Facts*

TE award: \$307,500  
Other funds: \$100,000  
Total cost: \$470,500

Appendix A provides a historic review of Transportation Enhancement projects for the State of Colorado since 1999. This shows that the City of Glenwood Springs has received three TE projects since 2000:

- I-70 Pedestrian Bridge: \$146,000 federal share
- South Canyon Trail: (2 projects) \$260,000 federal share

## **Federal: Non-Transportation**

Outside of the federal transportation programs, there are a wide range of other federal funds that can be used for bicycling and walking facilities. Some of the most common include funds through the federal land agencies such as the National Forest Service, National Park Service, or Bureau of Land Management; however, these funds are primarily for trails and must be on federal lands. Community Development Block Grants through the Department of Housing and Urban Development (HUD) are a likely source of funds for community-based projects, such as commercial district streetscape improvements, sidewalk improvements, safe routes to school, or other neighborhood-based bicycling and walking facilities that improve local transportation options or help revitalize neighborhoods.

## **State: Transportation**

Every state raises revenue for highway and transportation infrastructure through a state motor-vehicle fuel tax. Some states also raise funds through vehicle licensing fees. In many states, the laws governing how these funds can be spent would make most bicycle and pedestrian projects and programs eligible for these funds; however, in other states, use of the funds may be limited to providing paved highway shoulders on state-owned and operated roads. The following are some examples of dedicated funding for bicycle and pedestrian projects from state transportation revenues, taken from PBIC:

- By constitutional amendment, Oregon dedicates one percent of state gas-tax revenue to providing improvements for bicycling and walking on state-managed highways. Michigan also has a one percent law.
- Illinois has a long-standing annual dedication of \$1.50 out of the car title transfer tax for trail and bicycle pedestrian improvements in local communities—raising up to \$5 million annually.
- California annually dedicates \$7.2 million from the State Highway Account (gas tax-based) for bicycle transportation improvements, emphasizing projects intended to help bicycle commuters. The money is awarded from the state DOT to cities and counties via a competitive grant program. Maximum grants are \$1.8 million.
- The California state legislature also created the Transportation Development Act, which dedicates 0.25 percent from the statewide 7.75 percent sales tax to public transit support. The funds are returned to the county of origin where the regional transportation planning agency (often the MPO) may set aside two percent of the funds for bicycle and pedestrian projects. In San Diego County, where this set-aside has been established, funding levels amount to approximately \$1.7 million per year.
- New Jersey has created a bicycle and pedestrian facility set-aside in its local aid program by gubernatorial directive. Municipalities and counties can apply for these funds for local projects. The money comes from the NJ Transportation Trust Fund (mostly state gas taxes and highway toll revenue).
- California passed a new state law in 1999 that allocated 30 percent of the federal Hazard Elimination funds (a portion of the 10 percent Safety Set-Aside of Surface Transportation Program funds) to projects that encourage children to walk and bicycle to school.
- In Indiana, drivers are paying extra for special license plates that benefit greenways, open space, parks, and trails. In 1995, about \$1.9 million was netted from the sale of 75,740 plates. The plates cost an additional \$35, of

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which \$25 goes to the Indiana Heritage Trust. Maine and Florida use similar license plate fee add-ons for conservation, parks, and bicycle and pedestrian program funding.

CDOT's Bicycle/Pedestrian Program serves as a resource for current developments, standards, and practices in facility design, planning, and engineering. The program also is charged with motivating and encouraging bicycling and walking, and is responsible for educating pedestrians, bicyclists, and motorists of all ages regarding the rules of the road and trail, appropriate traffic behaviors, and how to share the road safely and cooperatively with other modes of transportation. See the Colorado 2030 Statewide Transportation Plan for more information.

In Colorado, local government revenues fund many of the state's bicycle and pedestrian facilities. Bicycle and pedestrian projects may compete through the regional planning process for Regional Priority Program funding. However, as the number of improvement projects has increased dramatically, funding amounts have declined. That is one of the main reasons why bicycle and pedestrian improvements have been largely tied into local or regional highway and bridge projects rather than as independent bicycle or pedestrian facility projects.

At the state level, Enhancement Funds continue to be the most frequently used source of federal funds for bicycle and pedestrian projects. These funds are allocated to CDOT and awarded through the regional planning process through the regional offices. In 2004, the Colorado legislature passed the Safe Routes to School (SRTS) program, which also continues to be a large source of funds for improvements as discussed previously.

### **State: Non-Transportation**

A growing number of states are providing funds from non-transportation-related revenue streams. However, these funds are not always eligible for the full range of bicycle and pedestrian activities. Several state sources *may* exist such as through the Department of Local Affairs (DOLA). The Colorado Department of Local Affairs Local Government Financial Assistance section manages a number of grant and loan programs within DOLA specifically designed to address public facility and service needs. They manage the following programs which may have

funding available for bike and pedestrian improvements; however, these are likely limited amounts:

- Community Development Block Grants
- Community Service Block Grants
- Energy and Mineral Impact

Other examples across the nation include the following:

- Maryland uses one-half of one percent of a real estate transfer tax to fund Program Open Space, which is used to acquire land for greenways and trails.
- By referendum, Colorado dedicates a portion of its lottery proceeds to trail building.
- Maryland uses a real estate transfer tax (tax on the sale of residential and commercial property) to raise money for open space acquisition and trail building.
- The Pennsylvania and Florida state legislatures were among the first to create state funding programs for trail building and open space preservation, and make much of the funding available for local community-sponsored projects, in addition to projects of statewide interest. Many other states have and are following suit.
- The Massachusetts Department of Environmental Management (DEM) runs a Greenways and Trails Small Grants Program to award small amounts of funding to local communities with innovative greenway and trail protection projects.

## **Local Sources**

Examples of local communities taking action on their own to create revenue streams for improving conditions for bicycling and walking are not hard to come by. Three common approaches include: special bond issues, dedications of a portion of local sales taxes or a voter-approved sales tax increase, and use of the annual capital improvement budgets of public works and/or parks agencies.

Other examples include impact fees and improvement districts (improvement districts are not widely used in Colorado). Impact fees will lead to funding new sidewalks which abut development.

Some examples follow:

- San Diego County residents voted to impose a half-cent sales tax for transportation purposes. Out of those funds (\$171 million in 2000), \$1 million is set aside for bicycle projects. The tax is administered by the San Diego Association of Governments and is scheduled to expire in 2008.
- The City of Albuquerque, New Mexico and Bernalillo County both have a five percent set-aside of street bond funds which go to trails and bikeways. For the city, this has amounted to approximately \$1.2 million every two years for these facilities. City voters last year passed a one-quarter-cent gross receipts tax for transportation which includes approximately \$1 million per year for 10 years for trail development. In addition, many of the on-street facilities are being developed as a part of other road projects and are incorporating the bike facilities in the roadway budget for new roads, or when a resurfacing project is planned.
- Pinellas County, Florida built much of the Pinellas Trail system with a portion of a one-cent sales tax increase voted for by county residents.
- Seattle, Washington and King County voters approved a \$100 million bond issue to protect open space in the urban area; \$33 million was set aside for trail development. The Seattle Department of Public Works used about \$6 million per annum for the city's bike program.
- Denver invested \$5 million in its emerging trail network with a bond issue, which also funded the city's bike planner for a number of years.
- Eagle County, Colorado (including Vail) voters passed a transportation tax that earmarks 10 percent for trails—about \$300,000 a year.
- In Colorado Springs, 20 percent of the open space sales tax is designated for trail acquisition and development—approximately \$5-6 million per year.

## **DETERMINING PROGRAM SOURCE**

A matrix of typical project types has been developed by Pedestrian and Bicycle Information Center at the University of North Carolina, which can be used to determine if a program or facility is a good match with a source of funds. This matrix uses a three-step rating scale to determine project compatibility.

- “3” is your Best Bet, meaning that the project type is eligible, the program and project are an appropriate match, and typical administration of these programs is designed to accommodate such projects.
- “2” signals “Rough Sledding,” meaning that the project type is eligible, the program and project are an appropriate match, but typical administration

of the program at the state or local level might make accessing the funds fairly difficult.

- “1” means Chances are “Slim to None,” meaning that the activity is eligible, but most projects of this nature will not be a good match given the program’s objectives and typical administrative and project selection procedures.

For more information, see the PBIC website at: <http://www.walkinginfo.org/pp/funding/gov/index.htm> and select ***Choosing the Federal Program that is Right for the Project.*** This will open the matrix used for determine funding compatibility.

Following review of the information contained in this report, a Draft Final Report will be produced which incorporates all information from Technical Memorandum #1, additional public comments, and priorities from this report. This Draft Final Report will be then presented to the Transportation Commission.

Initial priorities will be revised to reflect the goals of the Commission and public until a final priority list of projects is developed. Once this final list of priorities is developed, a funding plan and those mechanisms necessary for success will be determined and presented in the Draft Report. The next section of this chapter addresses some preliminary funding mechanisms which will be looked at for specific projects in the Glenwood Springs area. While there is a wealth of funding for pedestrian and bicycle planning, there is a lack of available funding for implementing and construction of projects. Without a dedicated tax base to support improvements within the area, it is likely many of the projects will be delayed until secure sources of funding are identified. This typically occurs on a case-by-case basis as projects are developed and a time line is set for implementation. The final rankings of projects—either High, Medium, or Low—will continue to have flexibility in timing and implementation. That is to say that all projects which are grouped in one of those categories could occur at anytime. Projects within the “High” category have no distinct priority within that category and likely would occur as dictated by the available funding.

## **PRELIMINARY FUNDING MECHANISMS**

The following section outlines some of the preliminary funding mechanisms which may be available to implement pedestrian and bicycle improvements within the Glenwood Springs area. These funding mechanisms will be used to develop a funding plan for improvements; however, until a project is included into the CIP, these represent possible funding strategies.

Table IV-1 summarizes the key elements of numerous funding strategies. Identified funding strategies come from federal, state, and local sources. Additional sources may be available; however, these are the main sources of funding for improvements. Most are competitive in nature and require a grant to be submitted prior to the allocation of funds.

<b>Table IV-1 Potential Sources of Funding</b>		
<b>Program</b>	<b>Funding Agency</b>	<b>Description</b>
Surface Transportation Program - Rural (STP)	FHWA	Funds which can be used for construction or rehabilitation of facility improvements or nonconstruction projects (such as maps, brochures, and public service announcements) related to safe bicycle use and walking. Modification of public sidewalks to comply with ADA regulations.
Surface Transportation Program - Transportation Enhancements (10% of STP Funds)	FHWA	Mandatory 10 percent of STP funds allocated to enhancements ranging from historic preservation to trails development.
Federal Transit Administration (FTA)	FTA	Variety of funding options relevant to improving pedestrian access to transit stops.
Community Development Block Grants (CDBG)	HUD	For acquisition, construction, and improvements to parking, pedestrian malls, walkways, curb, gutter, signs, lighting, and other transportation facilities.
General Revenue Support	City/County	Transportation facility improvements from maintenance to new construction. Can be a source of local match for federal/state grants requiring a 20 percent, or other, local match.
Impact Fees	City/County	Transportation facility construction associated with new developments. Can be a source of local match for federal/state grants requiring a 20 percent, or other, local match.
Special Improvement District	City/County	District designated for permanently improving roadways, curb/gutter, and sidewalks on any city or county road.
General Obligation Bonds	City/County/District	Capital improvements to improve transportation facilities. Voter approval required to pass bond issue.
Revenue Bonds	City/County/District	Capital improvements to improve transportation facilities will generally produce some revenue to help pay indebtedness. Voter approval required to pass bond issue.
Transit Sales Tax	County	Support of public transit in the county. Voters would have to approve an increase from the current tax.
Department of Local Affairs (DOLA)	State/CDBG	Intended to benefit low-to-moderate income persons in a specific area. Funds are apportioned into housing, economic development, and public facility projects.
Department of Local Affairs (DOLA)	State/CDBG	Funds designed to have a measurable impact on poverty. Funding for employment, education, emergency services, and others.
Department of Local Affairs (DOLA)	Energy and Mineral Impact	Funds assist communities affected by the growth and decline of energy and mineral industries in the state. Can be used for road improvements, recreation centers, and other public facilities.
Colorado State Infrastructure Bank (SID)	State-backed Loans	Loan program through state.
Colorado Community Revitalization Association	Loans	The joining of associations for funding options.
Private Donations	Private agencies/individuals	Private funds used to match state/federal grants.
Safe Routes to Schools	FHWA	To enable and encourage children, including those with disabilities, to walk and bicycle to school; to make walking and bicycling to school safe and more appealing; and to facilitate the planning, development, and implementation of projects that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools.
Hazard Elimination Safety Grants	FHWA	Mandatory 10 percent of STP funds allocated to address bicycle and pedestrian safety.
Congestion Mitigation Air Quality (CMAQ)	FHWA	Funds which can be used for construction or rehabilitation of facility improvements or nonconstruction projects (such as maps, brochures, and public service announcements) related to safe bicycle use and walking. Modification of public sidewalks to comply with ADA regulations.
Recreation Trails Program	FHWA	Funds for various trail projects.